

065079

JPRS-NEA-84-176

6 December 1984

Near East/South Asia Report

DISTRIBUTION STATEMENT A

Approved for public release;
Distribution Unlimited

DTIC QUALITY INSPECTED 2

19980319 117

FBIS

FOREIGN BROADCAST INFORMATION SERVICE

REPRODUCED BY
NATIONAL TECHNICAL
INFORMATION SERVICE
U.S. DEPARTMENT OF COMMERCE
SPRINGFIELD, VA. 22161

8
124
A06

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

6 December 1984

NEAR EAST/SOUTH ASIA REPORT

CONTENTS

INTERNATIONAL AFFAIRS

REGIONAL AFFAIRS

- Syrian, Iraqi Delegations Visit Moscow
(AL-MUSTAQBAL, No 400, 20 Oct 84; AL-DUSTUR, No 346,
29 Oct 84)..... 1
- Al-Asad's Request, by Marwan al-Mahayini
Tariq 'Aziz Visit
- Strategic Cooperation in Gulf Discussed
(AL-MAJALLAH, No 246, 27 Oct-2 Nov 84)..... 5
- Peninsula Shield Exercises, by Mahir 'Abbas
Practical Application, by Hasan al-Badri

ARAB AFRICA

EGYPT

- Study Analyzes Drawbacks of Subsidy System
(Muhammad al-Minyawi; AL-AHRAR, 4 Oct 84)..... 15
- National Democratic Party Studies Subsidies
(al-'Azab al-Tayyib; AL-SIYASI, 14 Oct 84)..... 19
- Dr Ghali Expounds Importance of Restored Relations With Jordan
(Butrus Ghali Interview; AL-HAWADITH, No 1459, 19 Oct 84)... 21

King Husayn's Decision To Restore Relations Analyzed (Sayyid Nassar; UKTUBAR, No 417, 21 Oct 84).....	27
Government Agencies Instructed To Deposit Funds in Central Bank (Adil Ibrahim; AL-AHRAM AL-IQTISADI, No 823, 22 Oct 84)...	29

ARAB EAST/ISRAEL

IRAQ

Ambitious Program Launched To Plant Winter Crops (AL-JUMHURIYAH, 17 Aug, 7 Sep 84).....	34
Wheat, Barley Cultivation, by Ibrahim Khalil Government Grain Subsidy, by Layla al-Hasan	
Senior Officers Discuss Armored Operations in War (Fadil al-Shihabi; AL-JUMHURIYAH, 1 Sep 84).....	38

LEBANON

Amal, South Lebanon in Dynamic Role Against Israel (AL-DUSTUR, 17 Sep 84).....	45
Government Continues To Push Security Agreement (Amin al-Siba'i; AL-HAWADIYH, No 1455, 21 Sep 84).....	56
Shaykh Sha'ban Discusses Syrian, Iranian Presidents (Zaki Shihab; AL-MAJALLAH, No 241, 22-28 Sep 84).....	62
'Document of Honor' Viewed Positively (Ghassan Bayram; AL-MUSTAQBAL, No 397, 29 Sep 84).....	65
Overview of Ills of National Economy (AL-MUSTAQBAL, No 397, 29 Sep 84).....	67
Briefs	
Reform Committees Narrowly Based	70
French-Lebanese Banking Venture	70

SAUDI ARABIA

Arab Center for Security Studies Discussed (Abd-al-Ra'uf Naji; AL-JAZIRAH, 15 Oct 84).....	71
Efforts To Combat Issuance of Bad Checks Reviewed (AL-JAZIRAH, 15 Oct 84).....	76

Investment Expert Nominated to UN Investment Experts Committee (Ahmad 'Abd-al-Latif Interview; AL-SHARQ AL-AWSAT, 24 Oct 84).....	79
---	----

SYRIA

Defense Minister Discusses Lebanon, Military, Iraq-Iran War (Mustafa Talas Interview; AL-SAYYAD, No 2081, 19-25 Sep 84).....	83
--	----

SOUTH ASIA

INDIA

Oil, Gas Commission Plans To Step Up Exploration (THE HINDU, 25 Oct 84).....	89
Correspondent Sums Up Prospects of Indian Economy (G. D. Gupte; THE TIMES OF INDIA, 24 Oct 84).....	90
Press Reports, Comments on Richard Murphy Visit (Various sources, various dates).....	96
Expectations From Visit, by G. K. Reddy 22 Oct Talks Assessed, by G. K. Reddy U.S. Embassy Statement Reported Departure Statement Reported, by G. K. Reddy Communist Paper Comments, Editorial	
Politicians Banned From Receiving Foreign Funds (THE TIMES OF INDIA, 22 Oct 84).....	103
Northeast Regional Parties Want Federal System (THE STATESMAN, 22 Oct 84).....	106
Rajiv: Opposition Colludes With Foreign Forces (THE TIMES OF INDIA, 22 Oct 84).....	107
Article Scores 'Vagueness' in Constitution (THE STATESMAN, 4 Oct 84).....	109
Reportage on Formation of Dalit Mazdoor Kisan Party (Various sources, various dates).....	111
Charan Singh, Bahuguna Head Founders Effect on Other Parties Rajiv Gandhi Comment Communists Welcome Formation	

Punjab CPI Resolution on Elections Reported (THE STATESMAN, 22 Oct 84).....	117
Army Could Thwart Pakistan Moves in Karakoram (G. K. Reddy; THE HINDU, 20 Oct 84).....	118

SYRIAN, IRAQ DELEGATIONS VISIT MOSCOW

Al-Asad's Request

Paris AL-MUSTAQBAL in Arabic No 400, 20 Oct 84 pp 25-26

[Article by Marwan al-Mahayini: "Strategic Balance: Damascus Seeks To Achieve Strategic Balance with Israel First, To Restore Bond to Arab Solidarity Second and Not To Disregard Soviet Role in Area or Be Content with U.S.-Israeli Role Only"]

[Text] Damascus--Last week, President Hafiz al-Asad paid an official visit to the Soviet Union at the head of a military and official delegation which included Vice President 'Abd-al-Halim Khaddam; Gen Mustafa Talas, the deputy general commander of the army and minister of defense; Ahmad Diyab, the head of the party leadership's National Security Bureau; Faruq al-Shar', the minister of foreign affairs; Daniel Ni'mah, the member of the Progressive National Front's Central Command and member of the Syrian Communist Party's Political Bureau; and the ministers of economy and foreign trade and of planning. A spokesman for the Syrian presidential palace stated that the Syrian-Soviet summit talks dealt with the Middle East issues and the latest developments, including the situation in Lebanon and the international situation. The talks also dealt with bilateral relations and with cementing the bilateral cooperation and expanding its scope. In analyzing the dimensions of this visit, observers have noted several points that provide indicators of the importance of this visit. These points are:

First, the meeting is the first between President al-Asad and President Chernenko, i.e., it is the first Syrian-Soviet summit since the death of Andropov whose policy enjoyed great Syrian appreciation and respect.

Second, President al-Asad's visits to Moscow have always constituted an element of transformation in bilateral relations on the one hand and in the area's developments on the other.

Third, the circumstance and timing of the visit and the important reflections of Syrian-Soviet cooperation on the balance of powers in the area. In this regard, reference must be made to a number of important developments that have taken place in the area, beginning with the increased volume of comprehensive U.S. support and backing for Israel, ending with the restoration of relations between Amman and Cairo and moving on to the formation of the new

Israeli cabinet, the intensified efforts to revive the peace endeavors through the Reagan plan which has been re-projected as an existing initiative in the wake of the Soviet Union's announcement of its initiative calling for an international peace conference under the auspices of the United Nations. We should also take into consideration the movement of the Socialist International toward a role of its own and toward participation. It is within the framework of this role that Bruno Kreisky, the former Austrian chancellor, visited Damascus. It is also within the framework of this role that socialist French President Francois Mitterand and Greek leader Andreas Papandreou will make their visits, which are scheduled for the near future. This role attaches major importance to the Israeli Labor Party's participation in the current cabinet.

Fourth, the Syrian desire to move forward the wheel of the process of achieving independently a strategic balance between Syria and Israel. In this respect, the observers note the lengthy visit made by Gen Hikmat al-Shihabi, the Syrian chief of staff, to the Soviet Union last month. Even though the statement of the official spokesman of the Syrian presidential palace has put President al-Asad's visit within the framework of the traditions of the firm relations existing between the two countries and of the meetings and consultations between the two sides dictated by these traditions, especially since the two countries committed themselves to the friendship and cooperation treaty of 1 October 1980--despite this statement, the visit and its timing bear within themselves numerous important elements that make this visit more than an ordinary visit. The visit comes under an extremely complex circumstance through which the Middle East area is passing at a time when the movement of international efforts in the Middle East has begun to snowball, beginning with Richard Murphy's exploratory visit, with the moves of the Socialist International and with the emergence of signs of a new Jordanian-Egyptian-Palestinian alliance. Regardless of the reports of visits which Western sources believe President al-Asad made secretly to Moscow, this Syrian-Soviet summit is the first since Andropov's death. Even though Syria is convinced and confident of the Soviet position of support for the just Arab struggle, Damascus, which gives the Soviet position a special weight in all its calculations, has been constantly eager to conceal as much as possible the effectiveness of this position. Damascus is now eager to take advantage of the circumstances and the given facts existing in the area in an effort to boost the Soviet role by escalating and bolstering Syrian-Soviet cooperation and coordination in light of the Soviet plan calling for the holding of an international peace conference, a plan which Syria has approved.

AL-MUSTAQBAL has learned from authoritative sources that Syria, which considers the issue of balance between itself and Israel one of the necessities for establishing a just and comprehensive peace in the area, pushed forward the issue of cooperation so as to raise the question of enhancing and bolstering its defense capabilities to the top of the agenda of the Syrian-Soviet summit in order that these capabilities may rise to a level closer to the desirable balance which Syria is seeking. This is because the enormous increase that the Reagan administration has added this year to its financial and military aid to Israel has made Syrian-Soviet consultation on this matter important to both sides and something urging them to raise the level of bilateral cooperation in the various spheres, especially in the economic and military spheres. It

is worth noting in this regard that President al-Asad had confronted his latest cabinet with the need to cement and bolster relations with the Soviet Union by relying on the priority of cooperation with Soviet institutions and with the institutions of the socialist bloc generally. Thus, the Syrian sources assert that the agenda was broad and encompassed all the spheres of political cooperation at the international and bilateral levels and at the level of the conditions in the area and in Lebanon. These sources expressed an optimism based not only on the background of the treaty binding the two countries but also on the similarity of the positions and of the objectives, especially in connection with the efforts for establishing a comprehensive, just and firm peace in the Middle East, with the rejection of partial and individual solutions, with the efforts to develop an effective and influential Arab solidarity hostile to the U.S. schemes and to the Israeli ambitions, with the restoration of Soviet influence on the course of Middle East developments in the wake of the failure of the attempts to transform the area into a U.S. sphere of influence and with the futility of disregarding Syria's role or trying to impose solutions, settlements and approaches which Syria rejects. It is worth noting here the importance of the fact that this visit has come in the wake of this major transformation in the area's balance of power. The most important features of the current picture of this transformation are the abolition of the 17 May accord, the withdrawal of the U.S. fleet, Israel's announcement of its readiness to withdraw from South Lebanon without demanding that this withdrawal be simultaneous with or tied to the withdrawal of the Syrian forces, Washington's open acknowledgement of Syria's role in the area and Israel's realization to a large degree of the strength and influence of this role.

Tariq 'Aziz Visit

London AL-DUSTUR in Arabic No 346, 29 Oct 84 p 17

[Article: "Tariq 'Aziz in Moscow"]

[Text] The joint communique issued in the wake of the official visit paid by Tariq 'Aziz, the Iraqi minister of foreign affairs, to Moscow provides the latest indication of the development of relations between Iraq and the Soviet Union. It also provides a new indication of the Soviet viewpoint on the area's developments, especially in the Arab Gulf area, in comparison to the outcome of Syrian President Hafiz al-Asad's visit to Moscow. It seems that the Soviet Union has begun a careful and gradual review of its positions in the Middle East,

The joint Iraqi-Soviet communique points out clearly the importance of putting a stop to the Iraq-Iran war, of ending this war through negotiation and of establishing peace. The communique also refers to the Palestinian issue and to the unity of the PLO leadership. Even though Yasir 'Arafat's name was not mentioned explicitly, the observers assert that the Soviet Union has ultimately chosen to support 'Arafat in the ongoing dispute between the Syrian authorities and the PLO leadership. The Soviet Union has also chosen to support Iraq completely in the ongoing Gulf war. Those who know the secrets of the Soviet policy say that Moscow has discovered that the Syrian regime is not serious in following a defense policy against Israel and in liberating the

Golan and that all that Hafiz al-Asad is concerned with is for Syria to become the center of weight in the area so that he may negotiate with Washington, and perhaps with Israel, from a better position and that all of the Syrian leadership's endeavors flow in this direction. Moreover, the chances of a Syrian-Arab-international alliance have become brittle, especially in the wake of Colonel al-Qadhdhafi's movement away from the Damascus axis. The most important friends of the Syrian leadership are Iran's rulers, who do not know whether they will continue to rule or whether the storms will destroy their regime. In such a case, the Soviet calculations concerning Iran will also reflect on Syria, the sole Arab ally of Khomeyni's republic. In the wake of the meeting between King Husayn and President Husni Mubarak, the Soviets have, furthermore, begun to feel that the convocation of an international conference on the Middle East with their participation has become possible. This is why the Soviets have begun to open up to the area's states and do not favor confining their cooperation to one side, namely Syria. This opening up to the area cannot take place practically and realistically without firm relations with Iraq which, entering the fifth year of the war, is viewed by the Gulf states as the stronghold shielding them from Iranian ambitions. Therefore, observers of Soviet Middle East policy expect important changes in this policy. The signs of these changes have begun to surface, first, in the joint Soviet-Syrian communique and, second, in the Soviet-Iraqi communique. As to where this new Soviet policy will be heading, it is certain that it is now heading in the direction of opening up to the area's states through the Iraqi gate because this gate enjoys the appreciation and respect of its Gulf environment. This is why the Soviets wish to enter through this gate rather than confine themselves to Syria which is moving with heavy steps toward direct negotiation with Washington and Israel behind the Soviet's back and at the expense of the PLO leadership.

8494

CSO: 4404/60

STRATEGIC COOPERATION IN GULF DISCUSSED

Peninsula Shield Exercises

London AL-MAJALLAH in Arabic No 246, 27 Oct-2 Nov 84 pp 32-33

[Article by Mahir 'Abbas: "A Unified Strategic Objective for the Joint Gulf Forces: A Decisive Answer to a Surprise Offensive"]

[Text] The sophisticated method of modern military science according to which the Peninsula Shield 2 maneuvers have come out proves in deed and in action the military progress that has been made by the forces of the participating armies. It also points to the fact that the forces of the six member states of the Gulf Cooperation Council [GCC], namely, Saudi Arabia, Kuwait, the UAE, the Sultanate of Oman, Qatar and Bahrain have to a large degree accommodated the technology of modern, sophisticated warfare.

The continuation of the program for joint military exercises, which began with the Peninsula Shield 1 maneuver held in the UAE on 9 October last year, in addition to the modern military operations, project a developed image of the trend toward military coordination of this region with similar and homogenous areas. These were the words that a military expert had to say in commenting on the Peninsula Shield maneuvers that were held by the GCC member states.

Peninsula Shield 2

The idea of Peninsula Shield 2 is compatible with the line of Peninsula Shield 1. It has been implemented in accordance with the decision made by the Supreme Council of the GCC member states on the need to provide these states with a joint military force that would be capable of reacting immediately to any emergency situation to which a GCC member state might be subjected.

The military command has come out with a number of lessons learned in the first exercise--and this is what has transpired clearly through the Peninsula Shield 2 exercise, which has been held in the Hafr al-Batin area. Hafr al-Batin includes the most military city in the Kingdom of Saudi Arabia, that is, the King Khalid military city.

35 Days

Preparations for the second exercise began at the end of the first Shield exercise. Planning for this second exercise began in Saudi Arabia. But on the 23rd of last September, the exercise area began receiving the Saudi forces that were to participate in the Shield exercise, so that the Saudi forces would be on hand to receive the advance forces whose vanguards had begun arriving at the exercise.

In an interview with Staff Brig Gen 'Abd-al-Rahman al-'Alkami, the commander of the exercise, he described the gulf cooperation and its having reached the military phase as constituting the most sublime domain of cooperation. The participation of all the branches of the armed forces, that is, the ground, air and naval forces, as well as the air defense forces and the air forces, has highly distinguished the maneuvers.

Citing the exercise commander, AL-MAJALLAH emphasizes that the special instructions given by Prince Sultan ibn 'Abd-al-'Aziz, the second deputy prime minister and Saudi minister of defense and aviation, by his deputy and by the commander of the Saudi ground forces focused on the need for the exercise to be complete by procuring all the requirements that would guarantee its success and in such a way that it could fulfill all its general and particular objectives.

The Objectives

Six objectives were set for the exercise. Brig Gen 'Abd-al-Rhaman al-'Alkami enumerates the objectives as follows:

--Stressing the concept of joint cooperation in the military domain among the GCC states.

--Illustrating the fact that the GCC states are one entity.

--Achieving combat expertise for the rapid deployment forces so that they would defend their destiny and preserve their security and stability.

--Determining whether the rapid deployment forces have acquired the ability to give a quick response in land, sea and air.

--Achieving a unified method of carrying out operations from the premise of mutual understanding.

--Consolidating the ties of cooperation among the armed forces of the GCC states in carrying out joint action as one team.

Therefore, we realize that the objectives, or the six points, as a military official has called them in his interview by AL-MAJALLAH, project an image and draw a map for the armies of the future in the GCC states, which have implemented the outlines of this map in such a way as to create a form of assimilation.

Special Targets

Several special targets are set for every Peninsula Shield exercise. The special objectives of the Peninsula Shield 2 exercise were represented in a number of points that centered on training the command and the general staff in taking the measures needed for the successive planning and coordination of the various military operations and the carrying out of the defense, or the progress of the offense, and in compliance with the basic norms of combat operations. At this point, may we mention what al-'Alkami, the exercise commander, said to the effect that one of his particular goals behind incorporating the GCC states' forces in the exercise is to provide these forces with the opportunity to familiarize themselves with the method of work and with the methods used by the Saudi armed forces.

During its presence in the area of the "exercise," Al-MAJALLAH learned about its basic plan. This plan focused on testing the efficiency of the rapid deployment forces in accurately implementing orders for military movements. Then came ascertaining the effectiveness and serviceability of the equipment under all circumstances. The Shield 2 exercise also involved controlling the means of communication and maintenance, as well as selecting the various and diverse weapons owned by the GCC states' forces in accordance with their effectiveness.

The Weapons Used

The Peninsula Shield 2 maneuver benefited from the Peninsula Shield 1 exercise so far as grouping forces and keeping them cohesive without difficulty in the exercise area are concerned. With regard to the arms that were used in this year's exercise, the multiplicity of their sources and their diversity were noticed. We witnessed the participation of the ground forces, together with their armor and formations, with the special forces and air force formations and air defenses. Observers have commented, stressing the importance of this tactical experience which represents the fourth phase of the maneuver's five phases. The fourth phase began on the 18th of last October with live ammunition being used by the military formations. This phase included training in the extension of support, evacuation, and night and day interception, as well as in the dawn-to-dust surveillance of military forces. The maneuver provided clear illustrations of the dimensions assumed by the serious training and great sense of responsibility for which the participating forces were tested.

The Navy Participates

The new thing about the Peninsula Shield 2 exercise is the participation of the naval forces in the maneuver--and a special importance underlies this participation by the naval forces. This is because, in a military report on the maneuver, attention has been focused on the importance of these forces' participation in the exercise. The reason is that special importance is attached to the navy's participation in the exercise in view of the fact that the gulf is situated all along the area's longest littoral, that is, all along the Hormuz Strait, the Arab Sea, the Arab Gulf, and Bab el-Mandeb, in addition to the Red Sea with its long Saudi coast.

Year of Tanker Attacks

A military observer says: "Should we call 1983 the year of 'The Black Ghoul' in the Arab Gulf, or the year of the bombing of the wells whose oil floated on the gulf's waters? It follows that this year has been characterized by attacks being launched against tankers, particularly that the surface of the gulf and the shores of its six states, or the vicinity of these states' territorial waters, witnessed attacks against ships. These attacks consequently give special importance to naval targets and, subsequently, to the naval forces in the GCC states. Furthermore, the widening of the participation of the military branches' forces in the maneuvers, as well as the expansion of the scope of the maneuvers, confirms what has been determined by the defense officials to the effect that the GCC states' forces are responsible for these states' security and their determination to defend their sovereignty."

The interest taken by the gulf in military matters is clearly illustrated in the modern academies and military schools that are opened yearly in its various states and great attention is devoted to their graduates. At this point, we recall the call that was made by Prince Sultan ibn 'Abd-al-'Aziz, Saudi second deputy prime minister and defense minister, at a ceremony held at the King Faysal Air Base in Riyadh to mark the graduation of Group 26 of the college's pilots. In his statement, Prince Sultan said: "It is incumbent on Saudi youths to enlist in all the branches of the armed forces, be they ground, air or naval branches." Prince Sultan had earlier attended a ceremony held in Kuwait for the graduation of a Kuwaiti military group, and these attendances are highly indicative of the extent of the interest that is taken by the gulf in the graduation of soldiers, who receive modern military education and understand its advanced technological developments.

The Lessons Learned

The Peninsula Shield 2 exercise comprised five military phases that began with the phase of movement toward the field and the phase of field preparation. The most prominent was the tactical phase that began on last 18 October and included a military tactic carried out with live ammunition. This tactic focused on a night plan and day plan and all the formations involved in the maneuver participated in this tactic. With the conclusion of the Peninsula Shield 2 maneuver, or "exercise," a military expert commented to AL-MAJALLAH on the lessons learned by the gulf states through the exercise. The expert described these lessons as an historic event, adding that this year's maneuver is a more advanced step taken along the extent of the military coordination among the six states, after the dimension of their political coordination--locally and in the Arab and international arenas has become clear. Military coordination among the gulf states is regarded as highly important in today's world and in its blocs, particularly in connection with this area whose geographical location endows it with a distinguished status because its territories extend along a number of important waterways that include the Hormuz Strait, the Red Sea and the Arab Gulf. In the middle of this coastal circle is situated its land area of well over 2.5 million square kilometers, whose interior contains enormous natural resources--and this state of affairs adds a special economic dimension to this area's strategic dimension.

Practical Application

London AL-MAJALLAH in Arabic No 246, 27 Oct-2 Nov 84 pp 33-35

[Article by Staff Major General Hasan al-Badri: "Military Application of the Strategic Slogan"]

[Text] The truest strategic description of the 20th century is the statement that this century is an era of the great conflicts and of the major blocs that have covered the surface of the globe, without sparing an inch of land or water.

The peak of political maturity among the states of the world is epitomized in the emergence of a military alliance that wields the elements of a balanced military power on land, sea and air. The affairs of such an alliance would be controlled by a joint command of the merged, united or coordinated kind. This command would be capable of directing the alliance's armed forces toward the areas of political danger to curb it in the quickest time possible and with the least possible expense.

Such alliance has become the issue of the peoples and the states in our contemporary world and their way to the aspired increased national security, particularly since the world now thinks with its muscles, not with its mind.

The conscious peoples and states use this aggravating danger threatening their future as an incentive for taking further preventive measures appropriate for confronting and thwarting this danger through the application of the modern concepts, methods and scenarios of armed conflict. These measures are headed by the rapid deployment forces, which the present day states and military alliances are now competing in setting up, arming, and training, so as to use these forces in resolving the difficult problems of time and distances, against which some of their previous plans and battles had been crushed.

No two people would differ over the unique qualities of the Arab Gulf area that make it a strategic area of paramount international, regional and local importance.

The 1904 theory of (Sir MacIndar) on the Axis of History placed this area outside the southern side of the center of the earth, which extends through the plains of Europe to the plains of Central Asia. However, Mr Brzezinski, the former U.S. national security adviser, in 1978 forwarded his new theory on the Arc of Crises. He placed the gulf area in the middle of this arc, which extends from the Horn of Africa to the Chittagong harbor on the Bay of Bengal. Mr Brzezinski then attached to the Arab Gulf area a great importance in the world of today and tomorrow.

The reason is that this area, which lies in the middle of the Arc of Crises--has the largest strategic reserves of oil, whose production reached the peak in 1979 at about 20.7 million barrels daily.

The area is also distinguished by the extension of its land area and coasts along the open seas and the oceans in which the great powers incessantly flex their muscles by means of their strike fleets and deterrent forces of rapid deployment capability.

The gulf area enjoys strategic advantages, natural resources, financial assets, and geographical importance. Nevertheless, this area suffers from several points of weakness, most notably the lack of population density and the shallowness of strategic depth. Moreover, this area is subject to the international dangers resulting from the stationing of the Soviet forces in Afghanistan at a distance not exceeding 800 kilometers from the gulf, and from the open invitation that the U.S. Rapid Deployment Force constitutes for the fomenting of trouble, disturbances, and conflicts between east and west in the area.

The present regional danger is represented by the war that is raging between Iraq and Iran, and whose flames and scope might extend and widen at any time. Concerning the Zionist entity that is lurking at the northwestern tip of the area, this entity has been and still is the germ of instability and the hotbed of aggression, just as it was in the past.

The sole means vis-a-vis all these various dangers and possibilities is none other than taking the initiative in insuring the security of the Arab Gulf through its own intrinsic forces, and working diligently to strengthen the ties among the area's governments and peoples. The kings and presidents of the Arab Gulf area have been dedicating their efforts to these goals since they met in 1979 in response to the invitation of the late King Khalid ibn 'Abd-al-'Aziz, to attend the "Jundallah [Soldiers of God]" maneuver and draw the outlines of joint cooperation in all the political, economic, social, intellectual, information and military domain.

It is worth noting that the kings and presidents of the Arab Gulf states are also dedicated to exploiting the characteristic traits of the area to the maximum limit--which promotes cooperation to the highest aspired levels, but does not disregard the points of weakness from which the area suffers.

Numerous statements have been made by the statesmen of the GCC states on the importance of moving the gulf's security from the phase of bilateral cooperation to the phase of collective cooperation, with the latter being closely followed by the leaders of the GCC states. This more would be coupled with these leaders' dedication to diligent work to raise the military efficiency and the combat, administrative and technical capabilities of their armies.

Those who follow this matter notice that it has passed through phases of careful study and that it is becoming integral--from the base to the peak--before turning into a tangible fact. On the military side of this matter, many joint studies have been conducted. Furthermore, detailed plans have been worked out and expanded conferences have been convened that have left no potential problem without practical study.

Also on this path, several joint training exercises have been carried out, out of which we mention the Peninsula Shield 1 maneuver, which was held at about this time last year. Some 5,300 officers and men and 1,200 motorized units participated in this maneuver that was none other than the real start of joint cooperation in the military domain through the useful lessons that were learned from this maneuver.

With the continuing efforts exerted in the field of joint military coordination and cooperation, and with the plans and methods of this cooperation having reached the phase of maturity and positivism, the establishment of the unified gulf command becomes a matter that imposes itself for the purpose of tightening the ties of joint defense and strengthening the links of pan-Arab security in the gulf area. Furthermore, establishing this command would serve the cause of comprehensive pan-Arab security throughout the Arab homeland in this action's capacity as the guaranteed means of safeguarding the most important and vulnerable links of pan-Arab security.

However, planning and directing the wars of the alliances and the usual accompanying establishment of unified commands are regarded as intricate matters that consume a great deal of effort, time and funds. This is because the problems arising from the difference in organization, armament, food, and means of communication, as well as from the restrictions and limits of vested authority and responsibility, from the other problems that emerge among the members of the same pact; and from the different dialects, terms, and names, usually stand as a stumbling block in the way of such sought-after military cooperation at the various strategic, mobilization, and tactical levels.

Modern technology has further complicated these problems in view of the awesome speed with which events take place on the war stage and on the battlefield, which makes following these events and making decisive decisions on them require a high level of command in full control of military operations, as well as high field efficiency by the forces waging these operations.

The difference in the concepts and methods of conducting combat is no less dangerous than the problems that we have already mentioned. Consequently, the field training and military maneuvers that are held by the various military alliances gain extreme importance because they are guaranteed means of delineating problems in their real dimensions in preparation for finding realistic solutions for these problems. The military exercises would then be followed by continuing training in resolving these problems in the course of the subsequent maneuvers conducted under the most favorable circumstances of cooperation and joint coordination.

Perhaps the most realistic and useful of these exercises and maneuvers are those carried out between two sides, each of which possesses a military force with balanced ground, air, naval and air defense units.

If an efficient commander is selected for the maneuver from among the best officers of the largest element in the field, or from the element with the largest force in the field, all that remains then is for this commander to be provided with a specialized general staff that would help him in planning and

directing the maneuver in accordance with the instructions of the supervisory body. This general staff would stay on the commander's side until lessons are learned and grasped, until the combat, administrative and technical results are evaluated, and until the experience gained from the maneuver is put on record and grasped.

There is nothing better than diversifying the maneuver grounds every year--and attention is dedicated to this diversification by the supervisory body that oversees the maneuvers held by the GCC forces. Then follows the massing of these forces which are drawn from among the best ground, sea, air and air defense elements which are likely to be used in the time of actual war. Thus, we can guarantee that these elements will become familiar with the terrain on which their forces will fight one day, and we can reassure ourselves that these elements would well exploit the extensive yield of major lessons and great experience that they gained in these successive maneuvers--lessons and experience that would help these elements gain attributes superior to those of the foe.

This year's maneuver, called Peninsula Shield 2, takes place over the area of Hafr al-Batin on the Najd Plateau in Saudi Arabia. Last year's maneuver, called Peninsula Shield 1 took place in UAE territory. The Hafr al-Batin area is situated near the southern plain of the al-Batin valley, northeast of the city of Riyadh.

Some 9,000 soldiers, as well as about 4,000 motorized units of artillery, rocket launchers, support vehicles, and logistics vehicles are participating in this year's maneuver. The maneuver is considered a complementary step taken on the path of the security provided by the Arabs for the gulf area under the programs formulated by the defense ministries of the GCC states, and in accordance with the recommendations made by the military technical committees that, throughout the past period, convened meetings and made visits to determine the military capability of the GCC states for the purpose of forming a joint gulf deterrent force that would achieve the gulf's security at the hands of the gulf's sons.

In addition to emphasizing the concept of the gulf joint military cooperation and manifesting the reality of the unified entity, the body responsible for the Peninsula Shield 2 maneuver focused its attention on the following general goals:

1. Stressing the concept of joint military cooperation among the GCC states' armed forces and developing the edifice of military action as one harmonious team.
2. Achieving a unified method of planning and executing joint operations from the premise of mutual understanding in a manner becoming the characteristics of the forces, the topography of the stage of operations, and the nature of the potential enemy.
3. Testing and assessing the extent of the quick response of the forces and commands participating in the maneuver to the need for carrying out fast

ground, naval and aerial moves and for performing operations of immediate mobilization in the field to breach enemy lines.

4. Enabling the gulf rapid deployment force to gain experience in the tasks of defending the resources of the states participating in the maneuver, and of preserving these states' security and stability.

However, the special objectives of the maneuver can be summed up in five targets:

1. Training the commanders and the general staff organs in planning and conducting joint and modern military operations.
2. Training the ground, naval and air units in fighting the modern battles of the participating corps in accordance with the combat methods in use.
3. Testing the extent of the efficacy of the weapons, instruments, vehicles, and equipment participating in the battle and their suitability for performing in all weather conditions, as well as the efficiency of the maintenance, repair, and evacuation teams on the various levels.
4. Testing the efficiency of the communications systems in serving the commands and the participating forces drawn from several different armies, and in standardizing their telecommunication methods and terminology.
5. Testing the effectiveness of the means of combat support to draw lessons from these means at the end of the maneuver.

The general idea of the Peninsula Shield 2 maneuver devotes attention to the establishment of a joint force capable of planning and directing rapid military operations to face the emergency situations to which one, or some, GCC member state or states might be subjected.

In the first place, this signifies establishing a deterrent rapid deployment force in keeping with the general trend observed by the majority of the world's armies in the present crisis. This force is intended for use in facing the quick rhythm of the battles fought with modern weapons and the rapid speed of their successive combat realities and situations, and the long distances that must be traversed before engaging the enemy.

So far as the phases of the maneuver are concerned, it is known that the maneuver is carried out in six phases, the first three of which deal with the movements and preparations that are made in the territories of the GCC states, with the movement of the forces to the maneuver area in Hafr al-Batin, and then with deployment in the area and completion of all the measures required for entering the maneuver area.

However, the three remaining phases tackle the tactical measures that comprise the implementation of the defensive and offensive operations, some of which are conducted with live ammunition and under the most realistic circumstances; in addition to the aerial and frontal assault operations and the provision of air cover for the ground and sea forces participating in the maneuver.

The maneuver also devotes attention to training in night offensives, the parachuting of forces and equipment and execution of some naval operations in support of ground operations.

The maneuver requires numerous combat, administrative and technical activities, as well as a high degree of efficiency and superior field skill on the part of the commands involved in the maneuver. However, the maneuver amounts to nothing more than a step taken on the path of Arab security in the gulf area. This security still requires more efforts, studies and training exercises to complete the factors of its strength and to crown its existence with a unified military command that would face up to all the responsibilities for security of the gulf and achieve all the goals and purposes of this security.

There can be no doubt the way leading to the completion of this force and the fulfillment of these objectives still requires more sweat and serious work to emphasize and improve the interest that is taken by the kings and presidents of the GCC states in the achievement of stability, continuity and prosperity of this important strategic area in their capacity as the three pillars of the desired pan-Arab security in an area of more than 2.5 million [square] kilometers inhabited by about 13 million Arab citizens.

In addition to the experience gained through the Peninsula Shield 2 maneuver, and that will be gained through the maneuvers that will follow it, the lessons that will be learned through these exercises will lay the groundwork for the hoped for military unity, in addition to providing the sons of the six GCC states with the full opportunity to build their own force and to occupy the place which they deserve among the contemporary blocs and alliances.

This maneuver, and others like it, will also contribute to the unification of the air communications network in the area, and in laying the foundations of radio and electronic communications on a solid, scientific foundation, and in developing the potentials of land, sea and air surveillance and the early warning systems, thanks to the modern and highly sophisticated instruments and equipment owned by the GCC member states in this domain--and these include, for instance, the AWACS aircraft.

The final conclusion is that developing the GCC states' own force and raising the GCC military command's capabilities to the level of unified military action by continuing to hold such maneuvers serves the local national security of the area, and the comprehensive security of the whole Arab homeland in accordance with a firm and overall strategy which knows that strength lays in unity, and which works in accordance with the holy verse that says, "And Cling to the Rope of God All Of You and Do Not Disperse."

12839

CSO: 4404/55

EGYPT

STUDY ANALYZES DRAWBACKS OF SUBSIDY SYSTEM

Cairo AL-AHRAR in Arabic 4 Oct 84 p 3

[Article by Muhammad al-Minyawi: "First Study on Drawbacks of Subsidy System: It Is Required To Abolish Subsidy and Increase Salaries"]

[Text] AL-AHRAR exclusively published the first study on the subsidy in Egypt, on its drawbacks and on its harmful consequences to the Egyptian economy. The paper does so with the aim of opening the door of discussion on the biggest national economic problem. The study was prepared by specialized economic experts in the Central Accounting Agency and in the Central Bank.

To start with, the experts warn against the continuation of the subsidy, considering it a means of destabilizing the Egyptian economy. The international prices of goods are rising. Consumption, which has not been rationalized as a result of government intervention, the government's imposition of quotas and the government's setting of prices that are below the cost price, poses a threat to growth and increased production. This means a certain loss in increased production.

This is why the government resorts to covering the difference between the cost and the sale price by increasing the money supply with the result that inflation may subsequently increase, the prices may flare up, we may continue to live in the maelstrom of increased prices and increased subsidies and the problem may persist.

The experts say that the subsidy, which started at 79 million pounds in 1970, has now risen to 2.3 billion pounds and will continue to grow unless we face the problem courageously like any civilized country. In France, there is a higher committee whose task is to set wages every 4 years so as to make them compatible with commodity prices. This is the right course for correcting and improving production.

In Egypt, the path is different and poses a threat to economic stability. Inflation is a ghoul threatening to devour everything.

To learn the dimensions of the problem, let us begin with bread or, to put it more precisely, with wheat.

First, Egypt's wheat production amounts to 2.5 million tons a year whereas our consumption of wheat derivatives requires 7 million tons of wheat, meaning that we import 4.5 million tons valued at \$720 million, because the price of a ton of wheat is \$180. This means that we pay 734.5 million Egyptian pounds for imported wheat, taking into consideration that the price of a dollar is 120 piasters.

It should be noted that the statistics on the use of wheat derivatives have proven that the wheat loss amounts to 35 percent of the total consumption due to misuse in unloading and shipping and in a consumption loss, i.e., a loss as a result of using wheat for purposes other than the basic purpose. Translating this loss into figures, it becomes obvious that the loss due to misuse amounts to 2.45 million tons out of the total needs.

Then there is the loss in byproducts, i.e., in bread and macaroni. This loss means that 20 percent of the production ends up in the garbage cans. This loss is the equivalent of 1 million tons.

If we add up the above two figures, it becomes evident that the wheat we lose amounts to 3.5 million tons, meaning that what we need to import amounts to 1/2 million tons to meet the food consumption requirements only.

This is confirmed by the official reports on the development of production capacities from the 1960's to the present which prove that these capacities have risen by 10 percent only.

This means that 3.5 million tons of wheat go for a purpose other than that for which they are intended, i.e., for a purpose other than feeding human beings.

The study defines the reasons for this in the state's intervention and in its imposition of its control on the loaf of bread and the other byproducts and in the cheap price of bread--a price that does not represent a real value that dictates a respect for the preservation of the commodity.

Moreover, the supply decrees regulating the production of bread have been behind the poor quality of the product and behind the killing of incentive and competition to produce high-quality bread. The Ministry of Supply makes it conditional that the bread produced be weighed as soon as it comes out of the oven and this encourages the bakeries to bake the bread just barely and the citizen is thus faced with a loaf that is not baked well and that is too doughy.

This problem is in addition to the emergence of a new consumer of bread, wheat and flour. This consumer is embodied in the owners of chicken farms and feed lots and the dairy producers who are using this commodity as fodder.

The study deals with the problem, stating that the individual's consumption is three loaves a day, i.e., the individual pays 3 piasters at the current bread prices.

If we abolish the bread subsidy, allow the price to float and release competition among the producers so that we may again have high-quality bread at a real cost, then the price per loaf would be 5 piasters, i.e., the individual will have to pay 12 extra piasters for bread. This means that the citizen will shoulder 43.80 pounds a year as a result of the increase in the price.

By producing good-quality bread, we will achieve self-sufficiency in wheat. We can increase Egyptian production to meet the needs through enlightenment and guidance in order to increase productivity per feddan.

The study then deals with the drawbacks of tying goods to ration cards and to the subsidy channelled for them and says that this process leads to misuse and increased consumption. It also says that consumption cannot be streamlined unless goods are left to the law of supply and demand, unless custodianship is lifted from the Egyptian citizen and unless goods are available at an economic price that compels the consumer to change his consumption pattern by purchasing only what he needs.

It has been proven by the surveys conducted by the public polling agencies on the goods tied to ration cards or distributed in accordance with ration cards that the citizen purchases such goods even though he does not need them and then resells them to those who need them and that many of these goods perish, are thrown in the waste basket or are used for feeding birds, such as the rice sold by the Ministry of Supply at a price of 5 piasters [weight unit not specified].

If the subsidy is abolished totally and the groups with limited income compensated financially, it would be possible to save a lot and to achieve numerous benefits.

The study defines these groups as the following:

1. The government and public sector employees, numbering 1 million,
2. Pensioners, also numbering 1 million.
3. The owners of real estate that is subjected to sovereignty reductions and that has limited rental value.

The study believes that these groups can be compensated by adding 7 pounds a month to the wages of every worker, to a maximum of 42 pounds. The cost of such an addition amounts to 1,008,000,000 pounds. The salaries should be increased by the same degree, to a maximum of 28 pounds. The cost of this increase amounts to 336 million pounds.

Abolishing the substantiations issued and applied to the old houses built before 1960.

Benefits:

The study defines the benefits resulting from this as the following:

First, in addition to the material allocation channelled for the subsidy, there is another financial subsidy shouldered by the state and embodied in the wages of the supply control officials whose salaries exceed 100 million pounds.

Moreover, these personnel can be transformed into manpower that produces in its field of specialization, especially when we learn that the Ministry of Supply and its branches have more than 10,000 agricultural engineers who represent unproductive manpower. They can be transferred to their fields of specialization in land reclamation and cultivation by establishing reclamation cooperatives and providing land and equipment. Each engineer can add no less than 100 feddans to the cultivable lands. This means that this manpower can add 1 million feddans to Egypt's cultivable lands.

There remains, according to the study, livestock feed farms and plants which amount to 500 in number. A total of 100 feddans can be made available to each farm, thus adding 50,000 feddans more.

The study sets the prices of goods on an economic basis, with the price of frozen meat at 175 piasters per kilogram, the price of sugar and oil at 50 piasters per kilogram, the price of electricity at 35 mils per kilowatt, the price of a gas bottle at 150 piasters, the price of macaroni at 50 piasters per per kilogram and the price of rice at 30 piasters per kilogram.

The study concludes with a statement of account demonstrating the real subsidy and the volume of the savings if we abolish the subsidy and compensate the groups with a limited income.

This statement says that the total annual subsidy shouldered by the state amounts to 2,934,500,000 pounds. Raising the salaries and wages of the government and public sector workers will cost 1.344 million pounds (1.008 million pounds in salaries and 336 million pounds in pensions). This means that the state will save 1,590,500,000 pounds a year, representing the difference between the total subsidy and the increase in wages and pensions.

8494

CSO: 4504/61

EGYPT

NATIONAL DEMOCRATIC PARTY STUDIES SUBSIDIES

Cairo AL-SIYASI in Arabic 14 Oct 84 p 4

[Article by al-'Azab al-Tayyib: "Faults of Maintaining Subsidy in Study by Consultative Council"]

[Text] An important study is presently before the National Democratic Party's special committee. The study was prepared by the Consultative Council and it reviews the development of the subsidy issue and its positive and negative features at the economic, social and political levels.

The study offers three alternatives to deal with the subsidy issue: the first focuses on maintaining the subsidy as it is. This alternative is characterized by seeking to facilitate the means of living to all the citizens. But its faults lie in the fact that society shoulders the costs of the subsidy, that the underserving benefit from it, that it creates a black market and middlemen, that the economy loses opportunities and that the pricing agency fails to perform its full role in allocating resources on an economic basis.

The second alternative focuses on abolishing the subsidy and is characterized by seeking to save the subsidy allocations in the budget, to price goods and services according to their well-known value, to curtail consumption, to narrow the inflationary gap and to create the possibility of a drop in prices.

The flaws in this alternative are embodied in the fact that some segments of society will be saddled with living burdens which they cannot withstand.

The third alternative proposes streamlining the subsidy by maintaining it for some goods and abolishing it for others and by delivering the subsidy to those deserving it in a different manner, either in the form of cash or "coupons" or through group cooperatives.

This alternative is characterized by efforts to reduce the budget's subsidy allocations and to provide the needy with the opportunity to obtain minimum goods and services for an acceptable living standard.

As for its faults, they are embodied in the difficulty of determining the essential goods, those deserving the subsidy and the means to deliver it to them.

The study believes that "streamlining the subsidy" is the best of these alternatives in the short run. But the excessive talk about streamlining and the lack of any positive steps to achieve it has caused the masses to lose confidence in the idea itself.

The council offers two plans to face the subsidy problem in light of the study it has prepared. The first plan is a short-term plan to be implemented in 3 years and it constitutes part of a long-range plan which could extend over 10 years. The two plans constitute part of a comprehensive development plan that achieves coordination and stability in the activities of the economic and production sectors.

The most important elements of the short-term plan, as seen by the Consultative Council, are to fix the subsidy allocations and to maintain the cost of living within the limits of the current budget by raising the prices of goods and services if their costs rise above the current level.

The elements of the long-range plan are summed up in the need to tackle the population growth problem in a fundamental manner, to achieve a higher growth rate by relying on increased commodity production, to enhance productivity and to steer consumption patterns in the right direction in terms of both nutrition and health.

Within the framework of this plan, the council recommends a gradual transformation toward a cash subsidy by raising the salaries of government and public sector employees and of pensioners so that they can keep pace with the movement of the prices of goods and services, provided that this is done gradually over a period of 10 years and provided that a capable agency is established to keep tabs on the prices of goods and services.

8494

CSO: 4504/61

EGYPT

DR GHALI EXPOUNDS IMPORTANCE OF RESTORED RELATIONS WITH JORDAN

London AL-HAWADITH in Arabic No 1459, 19 Oct 84 pp 26, 28

[Interview with Dr Butrus Ghali, minister of state for foreign affairs:
"Butrus Ghali: We Coordinate with Jordan for Palestinian Participation in Settlement"; in Cairo, date not specified]

[Text] Cairo--Dr Butrus Ghali still believes that the Camp David accords pose no obstacle to the resumption of relations between Egypt and the other Arab countries. He cites the step taken recently by Amman and Cairo as an example of this. At the same time, Dr Ghali considers the accords only as a framework for action in a peaceful settlement of the Palestinian problem. Consequently, he does not believe that there is any need to reconsider Camp David.

But in this interview with AL-HAWADITH, the minister of state for foreign affairs believes that the resumption of relations between Egypt and Jordan is likely to lead to coordinating the efforts with the aim of insuring Palestinian participation in any future negotiations on the destiny of the West Bank and Gaza Strip on the basis of Resolution 242, which gives both Jordan and Egypt a special role insofar as the settlement for the Bank and the Strip is concerned.

[Question] It seems that Egypt's return to the Arabs or the Arabs' return to Egypt is an objective necessity for both Egypt and the Arabs. What are the diplomatic and political initiatives that will be taken by Egypt to achieve the desired Arab solidarity?

[Answer] Egypt's dealings with the Arab nation always emanate from Egypt's pan-Arab commitment to this nation and from its inevitable bond to this nation's fate and destiny. Egypt is a cultural and emotional part of this nation. Egypt has realized from the outset that any intersections or contradictions between the Egyptian vision and the Arab vision are no more than tactical intersections or contradictions. They are not strategic nor are they basic. They are temporary and will not last. Moreover, any tactical differences of the sort cannot turn into a strategic gap capable of pulling out roots that have extended throughout history.

On the basis of this understanding, Egyptian diplomacy has worked ceaselessly throughout the past years to eliminate the contradictions and to settle the differences upending the Arab nation, leaving its front and rear exposed to those lurking to pounce on it. This has become completely obvious to all the Arab brothers, and events have proven with tangible evidence that the disagreement in vision arising between them and Egypt on how to achieve the objective has not influenced Egypt's pan-Arab tendency and that Egypt has never abandoned its Arab commitments while observing its contractual commitments.

Egypt's persistence in following the course of "quiet diplomacy" to repair the bridges and to build lines of communications and Egypt's eagerness to continue its ceaseless efforts for Arab solidarity and common action and for restoring the vitality of the Arab role have perhaps begun to produce the fruits that are embodied in the positive and wise step taken by fraternal Jordan to restore full normal relations with Egypt. This step comes as a living proof of the edifice of Arab solidarity and of the consolidation of the joint efforts to change the Arab course toward a greater feeling of responsibility and of the capability to take the positive initiative.

If the restoration of relations between Jordan and Egypt proves that only that which is right will hold up, meaning that if this restoration confirms the soundness of the Egyptian decision to follow the path of peace in the wake of the October victory as a means to achieve a solution to the Arab national problem, then we hope that the other Arab countries will proceed to follow the same path as Jordan. I even appeal to the third frontline state, Syria, to dump the slogan of open hostility to Egypt so that with our joint effort, we may be able to combine our capabilities and coordinate our positions so as to be able to regain all the Arab territories, especially the Golan, and to achieve the Palestinian people's right to self-determination.

[Question] The Camp David accords seem to most Arab countries to be an obstacle in the face of Egyptian-Arab rapprochement. Does Egypt plan to reconsider these accords and what, in your view, is the means to restore the Arab situation to normal?

[Answer] I do not believe that the Camp David accords, which are in fact just a framework for the efforts to achieve a peaceful settlement on the future of the Palestinian territories and on the right of the Palestinian people to determine their future on these lands, pose an obstacle to Egyptian-Arab rapprochement. The proof lies in the step taken by fraternal Jordan to restore full relations with Egypt so as to bolster and enhance the peace process.

Therefore, Egypt's adherence to peace is a firm strategic position, an indispensable methodology and a mainstay of Egypt's domestic and foreign policy. There is no place for reassessing what Egypt considers one of the mainstays of its diplomacy and of the method of its dealings with the outside world generally, and not just in the Middle East area.

The fact is that the deteriorating conditions in the region and the widespread anxiety and instability in many of its areas urge us to pause to understand the dimensions of the historic responsibility and to appreciate the danger

of the existing conditions to the future of the Arab nation. Arab inability is concealing itself behind hollow slogans and futile oneupmanship which can no longer deceive the Arab masses.

There is a real situation which we do not accept or condone. How could we be unable to change it and to impose our will on the events if we agree on the pan-Arab priorities and on the objectives of our national struggle in this decisive phase of the Arab nation's life? Egypt has led the ranks and has come forth to shoulder a special responsibility in achieving a just and comprehensive peace in the Middle East. Egypt will continue to perform its message of strengthening the mainstays of pan-Arab security, of spreading the canopy of peace and of preserving national rights. This is Egypt's fate and path to which Egypt sees no alternative. Therefore, amidst the Arab and Palestinian darkness and division, the resumption of relations between Egypt and Jordan is a ray that offers hope and confidence in the tendency toward Arab agreement, at least between the frontline states, to liberate the land and to rescue the Palestinian people from the nightmare of the Israeli occupation that has lasted much too long, that has become more arrogant and that has escalated its persecution of the country's legitimate people.

[Question] Should Jordan be exposed to some difficulties as a result of its restoration of normal diplomatic relations with Egypt, what does Egypt plan to do to support Jordan?

[Answer] I do not believe that Jordan's resumption of full diplomatic relations with Egypt will result in difficulties of any kind because normal and friendly relations between Jordan and Egypt, which are frontline states, are capable of forming a combined force that includes both countries and that supports the PLO and helps it overcome the obstacles that have so far prevented the unification of the PLO factions and the adoption of a sound realistic policy to achieve the Palestinian people's national aspirations. These relations are a boost on the path leading to the success of the peace process in the Middle East.

Jordan's initiative is aimed at working with Egypt to break the freeze engulfing the movement toward a comprehensive settlement in the area on the basis of a just solution to the Palestinian issue, which is the object of the primary interest of the policy of both countries out of their special responsibility to regain the occupied Palestinian territories which were a trust in their hands. The Jordanian position is taken out of Jordan's awareness of the historic and political responsibility of Egypt in supporting the firm and legitimate rights of the Palestinian people.

It is natural that the existence of full relations between Jordan and Egypt provides a greater degree of consultation and dialogue and creates a better coordination that seeks to insure Palestinian participation in future negotiations on the destiny of the West Bank and Gaza Strip. Jordanian-Egyptian-Palestinian relations are one of the vital mainstays of common Arab action and Egyptian diplomacy will exert efforts to establish these relations on a firm foundation.

[Question] What, in your view, are the practical dimensions and results of the restoration of Egyptian-Jordanian relations? Will the Jordanian step be followed by other steps in the same direction?

[Answer] The positive outcome emanating from the resumption of Jordanian-Egyptian relations can be summed up in the following specific points:

1. Resumption of relations is not considered proof of the soundness of the Egyptian position or of the Jordanian position. It is a victory for the will of Arab solidarity and the will to overcome division and disagreement and it is a reaffirmation of the importance of common Arab action.
2. It can be said that with the resumption of Egyptian-Jordanian relations, the Baghdad summit resolutions on boycotting Egypt, issued in 1979, are no longer significant and are no more than a hollow slogan behind which the rejectionist states conceal their intentions against the Arab nation's aspirations.
3. Resumption of Egyptian-Jordanian relations opens the door for a new diplomatic movement based on the provisions of Security Council Resolution 242 of 22 November 1967. It is well known that this resolution gives both Egypt and Jordan a special role in settling the Palestinian issue on the basis of the responsibilities which Jordan had shouldered in the West Bank and Egypt in Gaza Strip.
4. Resumption of Egyptian-Jordanian relations is likely to open the door for the reluctant Arab countries to rid themselves of the Baghdad resolutions and to restore their relations with Egypt.
5. The restoration of relations with Jordan comes as a recognition of Egypt's historic and political responsibility to achieve Arab solidarity and common Arab action. Consequently, broader spheres of hope are now open to the importance of developing a new Arab strategy, crystallizing a new Arab awakening and preparing for a new Arab movement.

There is no doubt that the Jordanian decision is likely to prepare the path for all those concerned with building real Arab solidarity. The decision also represents an important development in the course of the relations now prevalent in the Arab arena. For its part, Egypt has expressed its readiness to restore full normal relations with any Arab country capable of taking this step according to its circumstances and at the time this country deems fit to embark on such a step. In this respect, Egypt does not interfere in the affairs of any country and exerts pressure on nobody even though it hopes that other Arab countries will follow the same course as Jordan to achieve solidarity with Egypt, to bring success to the Middle East peace process and to wrench the Palestinian people's rights and rescue them from loss.

[Question] How do you view the current crisis in Lebanon and what, in your opinion, is the future of this crisis? Do you find it possible that the Lebanese Government will again establish its authority some day over all of Lebanon or is it Lebanon's fate to be divided and partitioned?

[Answer] The Arab Republic of Egypt is committed to supporting Lebanon's sovereignty and its legitimate government on which the Lebanese people have unanimously agreed and which has become the only ray of hope to save this fraternal country on which horrors beyond human endurance have been imposed. The Lebanese Government has recently succeeded in establishing a security plan that has prevailed in most parts of the capital and has begun to spread to other parts of Lebanon. But regrettably, it seems that the hopes attached to improving conditions in Lebanon have been exposed to a violent tremor because there continue to be elements trying to pour oil on the fire to rekindle it.

There is no doubt that any procrastination in Israel's withdrawal from the Lebanese territories will lead to negative complications that pose a threat to security and peace in Lebanon and in the entire area.

Despite the announcement by Shimon Peres, the Israeli prime minister, that Israel will withdraw its forces from South Lebanon within months, there is no strong indication so far of an imminent Israeli withdrawal. Moreover, with the policy of oppression practiced by Israel against the inhabitants of the area under its occupation, Israel is turning the life of these inhabitants, numbering nearly 1 million people, into an unbearable hell. Israel is doing this by way of its inspection patrols, its arrests, its obstruction of traffic on the highways and other practices. Israel refuses to have the scope of the operations of the UN emergency forces in South Lebanon expanded. The mandate of these forces will end officially on the 19th of the current month of October.

Israel's withdrawal from the south and its termination of its support for the militias that have swerved from the Lebanese national consensus open the path for settling the Lebanese crisis. The Arab efforts must now be in harmony and solidarity to help the fraternal Lebanese people dress their wounds, to implement practically the charter of coexistence among all the Lebanese sects and to achieve national harmony. We hope that fraternal Lebanon will succeed in overcoming the dangers of its being partitioned by the external forces lurking to pounce on it and the danger of partition among the warring and feuding internal forces, keeping in mind that these internal forces are brothers who have coexisted in the past and who are also capable of coexisting in the future in freedom from polarization by the enemies of Lebanese national unity.

[Question] How would you describe Egyptian-Palestinian relations, particularly with Abu 'Ammar?

[Answer] Egypt supports the PLO, which is headed by Abu 'Ammar, on the basis of its absolute support for its legitimate authority. Egypt welcomed Abu 'Ammar's visit after his departure from Lebanon under the pressure of the Palestinian split within Fatah. Egypt even provided him with protection during the departure from Lebanon. Contacts between Egypt and the Palestinian leadership are continuous and positive and Egypt hopes that Yasir 'Arafat will be able to put the Palestinian house in order and to convene the Palestinian National Council, which establishes the sound foundations for solidarity among the various Palestinian factions so that the Palestinian

side may regain its strength and its ability to act amidst these extremely significant and decisive circumstances insofar as the Palestinian issue is concerned.

The starting point in comprehensive peace in the coming phase is in turning the attention to solving all aspects of the Palestinian issue with active participation by the PLO considering that the PLO is the sole legitimate representative of the fraternal Palestinian people.

We believe that this direction requires a coordinated Arab position that rises to the level of the events, that is compatible with the historic responsibility and that is serious and free of maneuvering because we will all lose if we waste the available opportunity. The recent Jordanian step of restoring normal relations with Egypt perhaps opens the path for Jordanian-Egyptian-Palestinian coordination capable of enabling this struggling people to attain their political rights. If Israel stands in the face of history's movement, it will only make the situation more complex and explosive and it will also hurt its own interest because the future of any people depends on their ability to coexist with other peoples within the framework of mutual acceptance, respect for rights and duties and observation of the dictates of legitimacy.

8494

CSO: 4504/61

EGYPT

KING HUSAYN'S DECISION TO RESTORE RELATIONS ANALYZED

Cairo UKTUBAR in Arabic No 417, 21 Oct 84 p 23

[Article by Sayyid Nassar: "Needed Political Imagination"]

[Text] King Husayn was not so much in need of courage to make his decision to resume full diplomatic relations with Egypt as he was in need of a lot of "imagination." This is because diplomacy, which is one of the branches of the science of politics that is based on numerous rules, was not enough for the king to determine the right moment to make his courageous decision. He also needed imagination.

The events in our Middle East and the elements and speed of the change do not give the fixed political facts an opportunity to stabilize in order that the proper opinion on any decision may be made. This is why the king needed to use his political "imagination" to make the decision.

Syria is currently preoccupied with its internal problems, in addition to being embroiled in Lebanon. The Israel of the Labor Party, led by Shimon Peres, is alluding to the possibility of talking with Jordan on the peace issue. Washington is also mediating between Israel and Damascus for Israel's withdrawal from South Lebanon on conditions to be agreed upon, at least indirectly for the time being, with the Syrians. The PLO, led by Yasir 'Arafat, is facing unprecedented conditions with Israel and Syria, and even among its own members, and it is unable or, to put it more precisely, has become unable to make a decision on convening its National Council, whose meeting has been postponed repeatedly.

Jordan, which is more experienced than others with the issue and with the obstacles that have faced it, has become tired, and perhaps even disgusted, with the long wait for the unknown. The Arabs, especially their leaders who have been recriminating each other and who show no desire to adopt a decision on peace or even on war, have begun to despair and to avoid holding a "summit," which will, incidentally, be the 13th summit, to discuss and determine what should be done. All are running away from their responsibility under the slogan of unity of the ranks before unity of the goal. So far, there are no ranks and no goals.

The behavior of some Arab leaders makes it seem as if each of them is working for his own interest through it may outwardly look as if he is working for the public interest.

The issue of "healthy" Arab relations is not found anywhere in the Arab arena. What can be seen, at least for now, is dying, if not sick. All need to normalize their relations with each other, with no exception being made. A glance at the Arab arena and at the disagreements afflicting it makes the most optimistic people most pessimistic over Arab conditions. This is why any rapprochement between any two or more states, regardless of how feeble its reasons, is a lot better than any disagreement, regardless of how objective the reasons for such disagreement, if such reasons exist.

The public opinion polling institutes which are respectable scientific institutions found in all the advanced countries and through which public opinion can be gauged toward any issue presented for discussion--these institutes which many among us have long wished to have established in the Arab countries will encounter as much failure here as they have encountered success there. In our area, we flip from one condition to another daily. Many of the serious political decisions in the area are not made so much on a realistic basis as they are on a basis of tribal thinking. Matters have become so confused that they make it impossible to distinguish between an objective decision and a personal decision. These conditions have turned the Arab citizen into the biggest "rejectionist" in history and rejection has become one of the characteristics of the Arab. The Arabs, especially the intellectuals among them, are always "opposing." Why? Because of these reasons and because they have lost their clear view of what is happening on their soil and around them. However, there are those who reject out of awareness of what they are rejecting. Even though the dimensions and the object of the rejection differ, this rejection ultimately flows into the Arab vessel that is, to start with, brimming with problems and contradictions. Thus, despair, and at times nausea, afflict some people, the rejection intensifies, the problems escalate and some drop halfway along the path. Those who continue arrive in despair. There can be no Arab salvation without a decision at the level of the October war decision to save us and lead us out of this hateful swamp of Arab disagreement. This cannot be done without Egypt.

8494

CSO: 4504/68

GOVERNMENT AGENCIES INSTRUCTED TO DEPOSIT FUNDS IN CENTRAL BANK

Cairo AL-AHRAM AL-IQTISADI in Arabic No 823, 22 Oct 84 pp 32-33

[Article by 'Adil Ibrahim: "Why Do Government Funds Go To Private Sector Banks"]

[Text] Even though the Ministry of Finance issues periodic instructions and pamphlets every day to all the government agencies not to open current accounts except in the Egyptian Central Bank and to get approval on the basis of convincing justifications before opening any current accounts or placing deposits in the public sector banks, the Central Accounting Agency revealed that most of the government agencies in the governorates violate the provisions of the law by depositing their funds outside the Egyptian Central Bank and by placing these funds in the public sector banks without acquiring the approval of the Egyptian Central Bank or of the Ministry of Finance. Moreover, it is surprising that most of the government's current accounts and financial deposits are in the private sector banks.

It has become evident that the total funds in current accounts and government deposits violating these regulations amount to 45 million pounds and \$5 million, including 35 million pounds deposited in the safes of the private sector banks and the remainder deposited in the public sector banks. What is more surprising is that these sums include 23 million pounds and \$3 million in bank deposits, of which 15 million pounds are in public sector banks.

The Central Accounting Agency revealed that the real reasons for placing government funds in banks in the form of deposits lie in the fact that the officials collect interest on these deposits and disburse this interest in the form of rewards and incentives for purposes other than those for which the rewards and incentives are intended. This action has resulted in a freeze on these funds in the form of bank deposits and in a failure to utilize the funds even though the government accounting law stipulates that the interest from these funds should be remitted to the public state treasury.

The instructions of the Ministry of Finance demand daily abidance by and non-violation of the legal provisions and call for placing all government funds in the Egyptian Central Bank to deal with public spending in accordance with the laws in force so as to insure that the plan to finance government spending is not undermined and that a sudden and unexpected deficit may not develop, thus compelling the government to resort to borrowing from the banking apparatus.

In its annual reports on the provincial local government units in fiscal 1983-84, the Central Accounting Agency notes that the financial transactions concluded by the government agencies--the state's administrative apparatus units and the units of the local government and public authorities--dictate that these agencies deposit their funds in the Central Bank. This is why the Ministry of Finance has issued numerous periodic directives and pamphlets stressing that no accounts be opened in other banks except to meet an emergency and on condition that the Ministry of Finance approve opening such accounts on the basis of convincing justifications.

This is also why Law No 120 of 1975 concerning the Egyptian Central Bank and the banking apparatus stipulates that public legal persons may not deal with the banks. Government Accounting Law No 127 of 1981 adds that in addition to non-violation of Article 3 of Law No 120 of 1975 concerning the Egyptian Central Bank, the administrative authorities may not open account outside the Egyptian Central Bank without the approval of the Ministry of Finance. Article 66 of the executive regulations of Government Accounting Law No 181 of 1982, regulations issued by a decree by the minister of finance, also stipulates that the opening of a special account outside the public budget shall, in implementing the law, be in the name of the authority to which this account is allocated. Such an account shall be opened in the Egyptian Central Bank or in a public sector bank with the approval of the Ministry of Finance and in accordance with the provisions in Article 73 of the regulations which stress that the administrative authorities may not deal with the public sector banks without a permit from the Central Bank and without the approval of the Ministry of Finance.

These regulations seek to have all the government funds deposited in the Egyptian Central Bank so as to meet the public spending in accordance with the stipulations set in the state's general budget in order to avoid the emergence of any imbalance in the plan to finance government spending and also to avoid the emergence of any unexpected deficit which such an expansion in the deposition of funds outside the Egyptian Central Bank may create because such an imbalance and a deficit force the government to resort to more borrowing from the banking apparatus. Moreover, placing some public funds in banks in the form of deposits to collect interest on them leads to obstructing the utilization of such funds for the purposes for which they are intended. What is more, the interest is disbursed in the form of rewards or for other purposes incompatible with the objectives for which the funds placed in banks in the form of deposits were allocated.

In addition to all this, the final paragraph of Article 73 of the executive regulations appended to the government accounting law stipulates that the interest earned by the administrative authorities shall be remitted to the public treasury unless there is a provision to the contrary.

The Accounting Agency also revealed that some funds belonging to the governorates have been deposited outside the Egyptian Central Bank, either in public sector or in private sector banks, without the approval of the Egyptian Central Bank or of the Ministry of Finance. The sum of such funds as of 30 June 1983 amounted to 49,644,068 pounds and \$5,307,000. This sum comprises 25,922,075 pounds and \$987,918 in current accounts, including 6,155,163

pounds and \$1,987,918 in public sector banks and 19,766,921 pounds in private sector banks. The sum also includes 23,721,993 pounds and \$3,320,062 in deposits, of which 8,470,751 pounds and \$3,320,062 are in public sector banks and 15,251,242 pounds in private sector banks.

Thus, the current accounts and deposits placed in private sector banks amounted by 30 June 1983 to 35,018,154 pounds deposited in the following seven banks: the National Development Bank (21,081,205 pounds), the Agricultural Development and Credit Bank and village banks (10,375,767 pounds), the Suez Canal Bank (2,871,979 pounds), the Nasir Bank (360,496 pounds), al-Muhandis Bank (10,000 pounds), the Delta Bank (273,707 pounds) and the Islamic Bank (45,000 pounds).

The Central Accounting Agency instructed the various governorates regarding the need to obtain the approval of the Ministry of Finance and of the Egyptian Central Bank to open current accounts in the public sector banks. In case of failure to get approval, the assets of these accounts must be transferred to the Egyptian Central Bank, the necessary steps must be taken to transfer the current accounts and deposits in the private sector banks to the Central Bank and efforts must be exerted to remit the interest due to the public treasury.

The Central Accounting Agency made contacts with the various governorates and these contacts have resulted in transferring a number of deposits and current account assets to the Egyptian Central Bank; part of the interest has also been added to the treasury revenues. But other governorates have not responded in accordance with the provisions regulating financial transactions in the government agencies.

Following are the details of the Central Accounting Agency's contacts with the various governorates:

Port Said: the conditions of some accounts and deposits belonging to the service and development and economy housing projects have been corrected through their transference to the Egyptian Central Bank. A sum of 114,870 pounds has also been transferred from the private sector banks to the national bank. The Finance Directorate has further reported that the interest due from the private and public sector banks was calculated at 429,729 pounds and added to the treasury revenues for fiscal year 1982-83 and that the deposits will be transferred to the Central Bank upon maturation.

Al-Daqahliyah: the governorate has transferred three deposits, the first amounting to 425,000 pounds and belonging to the land reclamation account, the second amounting to 187,463 pounds and belonging to Jamsah summer resort and the third amounting to 2.5 million pounds and belonging to the Highways Fund to the Central Bank.

Al-Gharbiyah: a sum of 117,522 pounds belonging to the Sanitation Fund, to the local service and development accounts and to the Basic Services Project account have been transferred to the National Bank which performs the role of the Central Bank in the governorate.

Al-Fayyum: the assets of the accounts of the Education Directorate, amounting to 27,209 pounds, have been transferred to the National Bank. The governor also agreed on the 10th of last January to have the governorate's Finance Directorate draw up a timetable for transferring the assets of all accounts to the Egyptian Central Bank or to get the approval of the Ministry of Finance and of the Egyptian Central Bank to continue dealing with the public and private sector banks. The governorate then reported on the 7th of last March that the governor had agreed on the 15th of last February to implement the regulations and directives of the Ministry of Finance to transfer the accounts of the services, development, economy housing and land reclamation, with the accounts belonging to the projects and the funds staying where they are in the banks.

Al-Minya: Al-Minya Governorate reported that a message was sent to the minister of finance on the 10th of last October asking him to agree not to withdraw the accounts from the banks all at once. On the 2d of last November, the minister of finance instructed al-Minya governor of the need to transfer all the assets of the accounts opened in al-Minya National Bank and deposit them with the Egyptian Central Bank or the public sector banks by virtue of the support these funds give the public treasury. The governorate actually responded and transferred the special accounts to the National Bank. The governorate has also reported that it continues to liquidate the assets present in the private sector banks.

North Sinai: this governorate asked the Ministry of Finance on the 15th of last April to agree to keep the assets of the accounts belonging to the projects managed by the governorate and including the services and development account in al-'Arish branches of the Bank of Egypt and the National Bank and in the Northern Sinai National Development Bank.

Ismailia: the Ismailia Governorate Executive Council agreed in the session it held on the first of last January to keep the accounts of the production and service projects in the banks where they are deposited in order to enable these projects to perform their task with ease and facility. The total asset of these accounts amounted on 30 June 1983 to 4,747,938 pounds, including 2,310,677 pounds in accounts in the Ismailia National Development Bank, 2,343,500 pounds in the form of deposits in the same bank and 92,761 pounds in current account assets in the Suez Canal Bank. The interest earned by these accounts amounted by 30 June 1983 to 108,936 pounds.

In Alexandria, the governorate used some government funds, with the sums counted amounting to 376,000 pounds, to purchase bonds which yielded in fiscal year 1982-83 nearly 31,840 pounds in interest. This sum was remitted to the Incentives and Aid Fund and disbursed as incentives and rewards to the workers in the quarters.

Gharb al-Iskandariyah [East Alexandria] Quarter purchased in December 1982 savings certificates amounting in value to 96,000 pounds and then remitted the interest yielded by the certificates in fiscal year 1982-83, amounting to 6,240 pounds, to the Incentives and Aid Fund and the sum was disbursed as incentives and rewards to the quarter workers.

Sharq al-Iskandariyah [West Alexandria] Quarter placed 220,000 pounds as a fixed deposit in Cairo Bank (Sesostri branch). The interest earned on this deposit in fiscal year 1982-83, amounting to 18,700 pounds, was collected and deposited in the current credit accounts to be disbursed in the form of incentives and aid.

Wasat al-Iskandariyah [Central Alexandria] Quarter purchased savings certificates valued at 60,000 pounds from Egypt Bank and the interest earned from the certificates in fiscal year 1982-83 amounted to 6,900 pounds, which were paid to the Incentives and Rewards Fund account and were disbursed as incentives and rewards to the quarter workers.

The Central Accounting Agency's contacts with Alexandria Governorate have resulted in remitting the interest earned to the budget revenues in return for recording the sums in the current accounts of the city's incentives and aid funds.

8494

CSO: 4504/68

AMBITIOUS PROGRAM LAUNCHED TO PLANT WINTER CROPS

Wheat, Barley Cultivation

Baghdad AL-JUMHURIYAH in Arabic 17 Aug 84 p 7

/Article by Ibrahim Khalil/

/Text/ Constant preparations, rapid measures and concerted efforts are underway to begin implementation of the comprehensive national campaign for the coming winter planting season which begins next October. It is a major campaign of broad dimensions unprecedented in al-Ta'mim Governorate. Its slogan is the ideal exploitation and utilization of every inch of land to achieve higher productivity.

To achieve this end, the Public Agriculture and Agrarian Reform Authority has prepared the land, fertilizer, seeds, machinery and skilled cadres to begin implementation of the campaign. This is in addition to the concerted efforts exerted by the agricultural sector establishments, the party's Central Agricultural Bureau and the General Federation of Agricultural Cooperatives in the governorate to make the campaign successful and to turn the winter season into a season of abundant production of winter crops, especially wheat and barley.

Vast Areas

The governorate's total area is 3,803,707 donums and the acreage of the area scheduled to be cultivated in the winter season amounts to 1,176,855 donums, which is more than one-third the governorate's total area. This is a very large figure when compared with the figures included in the previous agricultural plans. Of this area, 67,151 donums of cultivable lands have never been exploited before.

The acreage to be cultivated is distributed in the districts of Dibs and al-Huwayjah and the subdistricts of al-Quds, al-Tun Kubri, al-Rabi', Qurrah Hasan, Shawwan, Daquq, Tazah, (Yayji), al-'Abbasi and al-Riyad.

Determining Follow Lands

Ramadan Muhammad Hammud, the general director of the Public Agriculture and Agrarian Reform Authority, has asserted that the comprehensive cultivation

campaign will be a distinguished one by virtue of the vastness of the area scheduled to be planted with wheat and barley, in addition to the 67,000 donums of cultivable lands that have not been exploited before and that will make the winter season a season of abundance and optimism.

He added that a committee has been formed in the governorate to determine the cultivable lands and prepare them for the season and that the committee has recently completed surveys and inspections of the lands, beginning with the subdistrict and ending with the district, and has been able to determine the abandoned and fallow lands that have not been utilized and have not been prepared to be planted with wheat and barley. Moreover, the committee has determined the acreage that is scheduled to be planted within the framework of the plan approved by the governorate's 13th Agricultural Conference and has also determined the new areas to be added to the scheduled plan.

Agricultural Plan

To make the campaign successful, the General Federation of Agricultural Cooperatives in al-Ta'mim has prepared a programmed plan to familiarize the farmers with the dimensions of the campaign, to hold seminars at the work sites and to have the members of the Agricultural Bureau pay field visits to the farmer cooperatives in the districts and subdistricts to find out the farmers' needs and to overcome the obstacles in order to make this major agricultural campaign a successful campaign in this decisive circumstance.

Government Grain Subsidy

Baghdad AL-JUMHURIYAH in Arabic 7 Sep 84 p 4

/Article by Layla al-Hasan/

/Text/ AL-JUMHURIYAH has addressed a number of questions to Hasan 'Ali, a member of the Revolution Command Council, while he was exercising his responsibility as chairman of the Public Grains Organization, because it is natural for us to find out his views from his position in an organization that affects the citizens directly and that constitutes the main artery in the national economy.

'Ali Hasan said: proceeding on the basis of our party's and revolution's slogan that bread is a sacred need, the Public Grains Organization acts with a high sense of responsibility and with resolute commitment to implement this slogan. The organization imports, markets, stores, washes, classifies and processes wheat, barley and (rice) through the establishments that are tied to the organization and are engaged in specialized activity in this sphere.

The years of the constructive development of the 17-30 July revolution have witnessed a large quantitative growth in the size of the sales of the establishments controlled by the organization. These sales rose 15.5-fold in the period from 1968-79. His excellency the minister of trade, 'Ali Hasan, has also pointed out that this growth does not reflect the volume of actual spending on the purchase of grains because grain sale prices are subsidized by the state.

The Revolution Command Council member further said: in view of the establishment's broad marketing activity, of its sensitive role in securing the people's food and insuring the flow of essential foodstuffs into the market and of its role in preserving these foodstuffs and preventing their loss and damage, we have developed the stationary storage capacity for grains by 385 percent by 1980 in comparison to this capacity in 1968.

Hasan 'Ali went on to add: through the Public Grains Organization, the Ministry of Trade has secured a strategic store of grains of all kinds and has formulated a constant followup program to be carried out during the years of the war against the expansionist and racist Iranian enemy. The ministry has accomplished the task of securing the accurate and magnificent flow of these goods under the circumstances of the battle our struggling country has been waging for 4 years.

'Ali Hasan added that this success is tied to the implementation by the organization's establishments of the task of enhancing the country's production capacity in the sphere of grain processing. The production capacity of the bakeries rose sevenfold from 1968-80. The capacity of the flour mills rose twofold during the same period.

The Revolution Command Council member asserted that the organization is able in 1983 to increase its foreign grain purchases by eightfold in comparison with 1980. During the years of the glorious saga of Saddam's Qadisiyah, the organization has been able to increase the capacities for the production of bread and al-sammun /big, thick round loaves of bread/ by a large amount. The capacity for the production of al-sammun rose to 1.25 billion pieces in 1983 compared to 650 million pieces in 1980. This was achieved with the completion of new projects and complexes for the production of bread and al-sammun.

In addition to these developments, the establishment has achieved significant successes, and not only in enhancing the storage capacities and in building gigantic grain silos. It has followed new methods in the use of mechanization and modern equipment to collect and deliver grains and in the utilization of storage capacities in an ideal manner while reducing the costs of building, enlarging and managing these projects.

His excellency also said: the Ministry of Trade's interest in the activity of the Public Grains Organization will not become lukewarm or seasonal. It is an interest emanating, as we have already pointed out, from our deep awareness of the importance and sensitivity of the people's food. Practically speaking, the most difficult and harshest circumstances will not be able to undermine the efficiency of our implementation of the instructions issued by the party and the revolutionary command, headed by Leader President Saddam Husayn, to the workers of the socialist trade sector, especially to the Public Grains Organization, to secure the citizens' fundamental needs.

Answering a question on the extent of the state's subsidy for grains, especially for flour, under the current conditions and on the quantities of grain consumed by the country this year, Hasan 'Ali answered:

Within the framework of the constant course of the party's and revolution's leadership and throughout the glorious years of the procession of the glorious 17-30 July revolution, the ministry has been able to secure the people's food under all conditions and circumstances, regardless of the difficulties, obstacles and material losses facing the accomplishment of this sacred task. For years, the party and state leadership has continued its subsidy of grain prices. This task has not been obstructed by the conditions of the war imposed on our country. In 1983, the subsidy amounted to 146 million dinars and this year's allocations amount to 154 million dinars. The quantities of wheat expected to be consumed this year and to be used in the flour mills and fodder plants and for the production of crushed wheat amount to 2.75 million tons.

Regarding the Thai rice which has been imposed on the distribution agents by the establishment and which is not favored by the citizens--a variety sold to the agent at 10 dinars /weight unit not specified/, then imposed by the agent on the consumer and sold by the agent at 7.5 dinars--and as to whether a future step will be taken to avoid this and as to why this type of rice was imported and has not been replaced by another variety, 'Ali Hasan said:

The socialist trade sector has been importing Thai rice for more than 8 years. This variety is sold to the citizens who wish to buy it, especially in the northern governorates. Moreover, there has been a change in the rice consumption pattern in the wake of stopping the importation of Pakistani rice because of the rapid and unacceptable rise in its prices. There has also been a strong demand for American rice. This demand has been clear this year, despite the high price of American rice in comparison with Thai rice.

Concluding his statements, the Revolution Command Council member said: the sector follows an importation and marketing policy which has its reasons, the most important being the securing of a multiplicity of supply sources and prices compatible with the consumers' incomes. It is impermissible to import just one variety of rice.

The ministry's Trade Control Department has not registered any case in which the agent imposes Thai rice on the consumer at a price below the set official prices.

8494

CSO: 4404/26

SENIOR OFFICERS DISCUSSES ARMORED OPERATIONS IN WAR

Baghdad AL-JUMHURIYAH in Arabic 1 Sep 84 p 8

/Article by Fadil al-Shihabi: "Staff Major General Commanding the Armored Corps to AL-JUMHURIYAH: Leader President's Instructions Are Most Important Factor in Achieving Victory"; date and place not specified/

/Text/ Inspired by the 17-30 July revolution, the military establishment has undergone a comprehensive development that is intended to correct its structure on the basis of revolutionary ideology so that it may be able to perform its national and pan-Arab tasks and to achieve the aspirations of our party, the Socialist Arab Ba'th Party, in forming a strong army capable of defending the homeland's soil and the nation's dignity and of confronting the fateful challenges to the Arab existence. This development had been characterized by planning and a methodology that seek to keep pace with international technological developments in the sphere of armaments of all kinds.

Thanks to this interest that emanates from the vigilant awareness of the need to build the army, the various corps of our armed forces have taken big leaps in armament, equipment and training. Some of these corps, including the armored corps, have received the lion's share of this interest and have reached a distinguished level of capability that has been proven by the heroic sagas waged by our fighters in the glorious battle of Saddam's Qadisiyah.

The central report issued by the party's Ninth Regional Congress describes the distinguished role performed by the armored corps in the battle: "The Iraqi armored corps has been the knight of the land battle since the first moments of the march on Iran. Iraqi armor stormed the Iranian positions like lightning and achieved their objectives in 6 days between 22-28 September 1980. In the glorious armored battles that have taken place in the war, the most prominent of which was the first battle of al-Khafajiyah in January 1981, Iraqi armor displayed its overwhelming superiority over the enemy, destroying hundreds of his armored vehicles and seizing hundreds more in working condition.

"Because of this decisive superiority in this strategic corps, especially since al-Khafajiyah battle of January 1981, the Iranian enemy has been avoiding direct confrontation between his armor and our valiant armor. All that remains of Iranian armor, which has lost a lot of its strength in the war, is either in the rear positions waiting to provide direct support for the infantry from time to time or is used as artillery pieces on the front."

This reference in the party's central report indicates those points which underline the importance of this striking corps of our valiant army and the importance of the brilliant victories it has scored in the battle of honor and dignity.

On the occasion of the anniversary of the Iranian aggression against our struggling country, AL-JUMHURIYAH interviewed the staff major general in command of the armored corps at the Ministry of Defense to discuss the role of this corps in our battle against the enemy and the accomplishments and developments it has achieved in a few years. He said:

It is well known that the party and the revolution's leadership, headed by Saddam Husayn, the commander of the awe-inspiring victory, has devoted special and major attention to developing the army and building the armed forces from the first months of the revolution in their capacity as the vital limb that protects the revolution and its gains and so that they may be able to perform their national and pan-Arab tasks.

The inception of the revolution came at a time when the technological development of the world's armed forces had made enormous strides. This development was moving at a very fast tempo, which required that the revolution build a strong army trained according to scientific principles and planned on a sound basis so that the revolution could create a strong arm to protect its gains. This is why we find that the growth of our country's military establishment has been compatible with the revolution's aspirations. This growth has included all branches of the armed forces, especially the armored corps in its capacity as the main striking land force which decides all positions at the pan-Arab and regional levels. There is evidence to prove this point.

In 1978, i.e., 5 years after the inception of the revolution, hordes of Iraqi armored forces marched to Syria to support it in the October war when Damascus was about to fall into the hands of the Zionists. Our tanks crossed hundreds of miles on caterpillar tracks and on trucks to be thrown into a decisive battle when the command had no knowledge of the conduct of the war. I had the honor of being one of the fighters who took part in performing this duty within Salah-al-Din forces which entered Damascus on 9 and 10 October 1978 and waged fierce blitzkrieg battles against the Zionist enemy forces, stopping their advance toward Damascus and forcing them to turn from the offensive to the defensive. Our forces continued to fight until the Syrian regime agreed to the ceasefire on the night of 22-23 October 1973. Our armored units proved their efficiency, their combat capability and their determination, as they proved the determination of their personnel and members and their faith in the pan-Arab cause.

In light of those battles in which our armor fought very well, the command's attention has been focused on this corps, which proved its extraordinary capability against the Zionist enemy whose armed corps is a striking force with sophisticated equipment and with extensive combat experience. But the enemy's armored corps was surprised by the capability and capacity of the Iraqi armored corps and of its units to wage rapid and decisive battles. Consequently, it taught the "Israeli" forces a hard lesson. This fact motivated, as we have already said, the command to focus its attention on the corps and to take into account

the need to develop this corps and to enable it to possess the most sophisticated weapons and equipment and to rely on precise scientific plans in its structure so that it could rise to the desired level in terms of its combat capability and size and in terms of the quality and number of its fighters and of their ideological faith. The march of actual development started in 1974 and continued until our forces entered the battle to defend our national soil in the face of the tyrannical Iranian aggression. Our forces have been at a high level of sophistication and preparedness in terms of both training and morale. The development march did not halt during the war years but rather has witnessed redoubled efforts.

The staff major general commanding the armored corps went on to add:

There are other important aspects in the march to develop the armored corps since its foundation and it is necessary to point out these aspects. How has this development occurred in the various army corps, especially in the armored corps?

Even though Iraq is not a country that manufactures its war machines, it has the option to select the type and volume of the weaponry it acquires and to develop what it has in its possession and what it acquires. There is a large store of technical, mobilizational and scientific expertise in the Iraqi Army, particularly in this corps. It is a corps that started with the cavalry in 1928 and then proceeded to form mechanized units in the 1930's. The tank was introduced after 1936. The tanks consisted then of light tanks and light halftracks and armored vehicles carrying some weapons. After the March 1941 revolution, the Iraqi Army acquired Daimler armored vehicles. On 15 July 1942, the first armored battalion was formed in the Iraqi Army and it is considered the nucleus of the corps. After 1945, the first tank battalion was formed. In the 1948 Palestine war, our armored units took part in certain battles and proved their ability at a time when armament and equipment were very limited. One of the famous battles in which a reconnaissance battalion took part was the battle of Kawkab al-Hawa and Qal'at Kayshar in North Palestine, south of Tiberias Lake. After that period, the development of this corps was slow and not compatible with the aspiration of the corps members to expand the acquisition of the latest equipment in one manner or another. This was due to the circumstances of British colonialist domination at the time and, subsequently, because of Iraq's link with the Baghdad Pact. The corps's equipment and the preparation of its units proceeded according to a premeditated policy seeking to maintain a state of weakness and backwardness among its members. Despite this, we find that the Armored Directorate and the Armored Academy were founded in 1952 and that a considerable educational mainstay was established with the limited resources at the time. The Centurion tank was introduced in the army for the first time in 1954 and 1956 and the first Iraqi armored brigade was formed in 1956. In the wake of the 14 July 1958 revolution, expansion moved forward when the tendency to acquire armaments turned to the Eastern Bloc countries more extensively and more rapidly than before and the first armored division was formed. The armored units then moved slowly until the inception of the glorious 17 July revolution. As I have already point out, the march to develop the corps, to increase its numbers and to enhance the design and qualitative combat capability of both the human element and of the machine at the same time has moved forward since the 1967 war experience.

Where did the improvement to enhance the combat capability of the human element come from? I believe that this is an important issue before which I would like to pause and which I would like to discuss with some detail. The armor director went on to add:

To evaluate the combat capability of certain forces scientifically, we must first know what combat capability is, considering that this term is reiterated or used in the military vocabulary or when speaking about an army. There is perhaps a lack of scientific clarity regarding this concept which, defined in a simple, scientific way, means the ability of the armed forces or of a military unit to implement its duties successfully and to decide the victory in serving the plan of the supreme field commander. The capability of a unit is its capacity to decide the victory in favor of the brigade commander, for example, according to the commander's battle plan, with the brigades consequently deciding the victory according to the division commander's battle plan, with the divisions deciding the victory according to the corps commander's plan and so forth until you reach the general command. Does the machine or the weapon alone represent the fundamental element of combat capability? The answer is no. There are numerous factors that come under the canopy of combat capability, including fundamental design factors and other changing factors. The fundamental design factors are embodied in the type and quality of the weapon, in high technology, in precision shooting, in the weapon's power and so forth. But if this capability were taken in isolation from the changing factors that handle and operate the weapon, the weapon or the equipment would be totally worthless when placed in hands that cannot use it in an ideal manner or in hands that are not up to the level that allows this combat capability to produce its fruits in the field.

Let us take an example from the war. The Iranian armored forces have Chieftain-5 and Chieftain-3 tanks which are among the world's sophisticated tanks. We have been in a confrontation with these forces for 4 years, since 22 September 1980. Our armored units have displayed high efficiency and superior capability in paralyzing and ending the role of the Iranian armored forces in the field. This has been happening since the early battles of the war. The actual destruction of the enemy's armored forces began in the three sagas of al-Khafajiyah and in the first battle east of al-Basrah.

At present, our units are eager to confront any Iranian armored unit entering the battle because these forces now possess doubled and extraordinary combat capacities and capabilities.

The brilliant results and the successive victories of our armored corps have been achieved as a result of the changing factors, embodied in the high training of the Iraqi fighter and in the failure of the Iranian armored corps to absorb modern war machines represented by the Chieftain-5 and Chieftain-3 tanks and by the U.S.-made M-60 tank, of which the NATO countries boast.

When we want to compare the combat capabilities of two armies or two armored units, one on side X and the other on side Y, which possess the same war machines and which have an equal number of machines and men, the victory of one of them will be due mainly to the standard of preparation and training of

the victorious unit and of its belief in what it is fighting for. If we apply this standard to the enemy's armored formations, we will find that the Iranian fighter does not at all believe in what he is fighting for because his regime has thrown him into a war of aggression whereas you find the Iraqi fighter brimming with faith in his just cause of defending the national soil and dignity.

At the training and preparation levels, you find advanced training and a high level of preparation among our forces. Technically, the Chieftain tanks are perhaps at the same level of our tanks. But what has given our tanks predominance is the high capability of our fighters, their good training, their high morale and their faith in their principles and their creed. This is what has enabled our armor to fight under environmental and geographic conditions for which tanks have not been fundamentally designed, especially in the mountain areas and the marshlands. But the fighters' determination and their good preparation have enabled them to fight with steely resolution. This has had a great impact in achieving the element of field and mobilizational surprise and a direct impact in deciding the battles and in achieving the military debilitation of the enemy. Add to all this the command's instructions, made within the framework of its interest in developing the army generally and the armored corps in particular, which put the emphasis on supplying the corps with the latest equipment and technology. The war has not stopped us from making preparations for confronting the Arab nation's number one enemy, namely the Zionist enemy, and from securing all the requirements of preparedness for future confrontation with this enemy and for the destruction of his war machine.

On the coordination between the armored forces and the other corps on the battlefronts and regarding the lessons learned from the battles, the staff major general directing the armored corps said:

This coordination and cooperation have been embodied most splendidly in all the battles waged by our forces against the enemy forces. A modern battle is a battle of joint corps. In their entirety, the various corps give the battle its correct form. Without this harmony, victory cannot be achieved. This is why we focus our attention in our exercises and in all our training and development courses on the concepts of the modern battle. Coordination among the various corps is the fundamental interest of the command because of the good results this coordination produces in battles, as proven by the lessons derived from the battles. We have been recording these lessons as of the first day of the war to put them to use in continuing the development of the corps's training and equipment. Moreover, we have kept pace with scientific research and studies and with technological developments in the area of armored weapon manufacturing. Our interest focuses especially on Iraqi research pertaining to the development and modification of the uses of armor and of military equipment. Through this research, we have achieved results, many of which have been implemented.

Speaking of the distinctive qualities of the armor unit fighters, their daring enthusiasm and their spirit of assault, the staff major general commanding the armored corps said:

This corps of our triumphant armed forces is distinguished by having lived through periods in which it witnessed directly the inception of the national revolutions in the country and by having been built politically. When the party staged the revolution of Ramadan 1963, it focused its attention on the armored corps which, since then, has been distinguished by its ideology. There is another point worth noting. When we read the party's literature, we find that the qualities of the good Ba'thist are embodied in loyalty, courage, zeal, self-denial, sacrifice, discipline and commitment. These are also the qualities of knights. This is why the members of this corps are distinguished by gaining two parallel kinds of education that move in the same direction: the party's education and the education of knighthood. The two are in agreement and it is to them that the credit goes in forming the personality of the armored unit fighter who has displayed his heroism and made sacrifices, who has had the honor of settling the battle in 6 days and who has obliterated the claim perpetrated by the Zionist and imperialist circles about the Zionist enemy's army being an invincible and lightning-like army. The Zionist enemy did not enter the Arab territories with the sweeping dimensions of the Iraqi entry into the Iranian territories, while Iraq was defending its cities against the aggression which had been launched on such a large scale and along such a broad front. The Zionist enemy entered the Arab territories along a number of narrow axes.

Some of this corps's accomplishments exceed by far what had been written in magazines about numerous aspects pertaining to the development of combat methods and the enhancement of the combat capabilities of the tanks and the means to protect them and about finding ways to discover the antiarmor means used by the enemy. We are proud of the abundant expertise we have gained and which has been very beneficial to us in developing our combat capabilities. Now that 4 years have passed, we say proudly that our armored corps is much stronger at present than when we entered the war, whether in terms of quantity, quality or combat experience, because the development and equipping activities have not stopped during the war but rather have intensified. Many of the world's military experts have attested to the capability and superiority of Iraqi armor during the war.

The staff major general commanding the armored corps asserts that Leader President Saddam Husayn's instructions have had a major impact in scoring the brilliant victories against the enemy and in developing the courses adopted by the various branches, including the armored corps. He added: these wise instructions, which reflect the leader's military genius, have had a great impact on changing the course of the battles and on scoring the courageous victory. I recall here, for example, the first battle of al-Khafajiyah on 5 January 1981 when the 10th Armored Brigade fought heroically, spreading fear in the hearts of the enemy. This heroic brigade got its instructions from Leader Saddam Husayn, the leader of the awe-inspiring victory. We received these instructions from his excellency and, after analyzing them, supplied them to our fighters as lessons. Through this formation's use of the planned combat capabilities of its tanks, thus fully utilizing this capability and adding to it the positive changing elements which this brigade's members possess /sentence as published/.

The leader president said in his directives on the issue of the shock generated by this brigade:

"The facts founded on the mathematical bases must be made clear to the armored corps fighters regarding the need to attack the target resolutely and with the speed possible so as to reduce the loss of armored combat vehicles and to enable the tank to gain its status in the field. The tank's status lies in its facing the enemy frontally, in shooting rapidly and in maneuvering at a speed of no less than 25 km an hour, not in its standing still or retreating...."

When we translate this statement by the leader president mathematically and in accordance with mathematic calculations and if we take two forces, one fighting according to this directive and the other fighting with the classical methods contained in the old training manuals, we find that the first unit will reach the target under the same conditions as the second unit but with losses not exceeding two to three tanks for the first unit, compared to many times these losses for the second unit. This fact was proven clearly in the first battle of al-Khafajiyah when the 10th Brigade was able to destroy an entire Iranian division and to capture 104 usable tanks, which had a total mileage of just 500 miles. The brigade thus ended the role of the Iranian 92d Armored Division which they used to call the Golden Division. What kind of heroic fighting is this and what kind of heroes are these men who brim with courage, determination and fiath! This is something important that confirms what we have already noted.

Regarding the lessons derived from the battle and regarding the way these lessons are utilized to develop the corps, the staff major general commanding the armored corps said:

As I have already said, the lessons learned from our just defensive war against the tyrannical Iranian enemy are lessons that do not pertain to our corps alone but that include all the fighting corps because the battle is a battle of joint corps. We utilize and absorb the lessons of all the other branches so that we may develop our combat capability through constant courses. All our establishments are now more developed than they were before the courses. All our establishments are now more developed than they were before the war. For example, the Armored Center has been turned into a training institute and includes a number of schools for fighters, officers and commanders at the various levels. The expertise of the teaching faculty has also developed. This expertise has been gained through field experience and its pages have been written in blood through the participation of the faculty members in the battle-fronts and their waging of heroic battles on this front.

8494

CSO: 4404/26

AMAL, SOUTH LEBANON IN DYNAMIC ROLE AGAINST ISRAEL

Amman AL-DUSTUR in Arabic 17 Sep 84 pp 16-17

[Article: "Field Report on South Lebanon, Israeli Occupation, Palestinian Resistance; Nabatiyah and Villages-Ashura Swords Face Invaders Army"]

[Text] AL-DUSTUR, in cooperation with the magazine, AL-YAWM AL-SABI' in Paris, is publishing a broad field study on south Lebanon, the Israeli occupation and the national resistance. It was undertaken by AL-YAWM AL-SABI' in the heart of the hot area, overcoming difficulties and being subject to dangers.

Last Monday, and the Monday before that, we published the first and second in a series of eight weekly articles within the framework of a special arrangement with AL-YAWM AL-SABI'. They were on the city of Sidon and the city of Tyre and their two regions. We publish today the third in the series on the town of al-Nabatiyah and its villages.

With Nabatiyah and its villages, the three southern axes that witness daily resistance against the Israeli occupation becomes complete. These axes are marked by characteristics different from those in the border strip districts. They include, on the one hand, the great majority of the southern population and occupy the largest area. Most importantly, they have always been a center for the traditional political forces which compete with the central southern leadership (the al-As'ad family), along with the leftist and opposition forces with all their various orientations. It was in these same three axes that the Amal Movement came into being more intensely than in the border strip area adjacent to the Lebanese-Israeli border.

These axes differ as well in their sectarian make-up. They include the greatest part of the Muslim population in the south while the Christians are concentrated in the two districts of Jazzin and Marj'Uyun, with a large presence in the district of Hasbayah. In the border strip, in the two districts of Marj'Uyun and Hasbayya in particular, the al-As'ad family has held a monopoly over influence in the majority of villages for a very long time. It has always closed the door to any new opposition and these areas have never been represented in parliament by any other than those chosen by "leader al-As'ad." Should the allied deputy go against the central leadership's wishes, his fate is defeat and isolation in the next elections. This is what we see in Bint Jubayl with regard to former deputy 'Ali Bazzi.

On the other hand, the aforementioned three resistance axes remained outside Israeli control until the Israeli invasion in 1982, while the border strip villages had been living under occupation since 1978, thus allowing Israel and its cohorts to build various apparatuses in these areas early on. The Lebanese resistance did not give Israel a chance to play this same role in 1982, aside from the fact that the coast leaders were more inclined toward the armed resistance than the Israeli occupation or at least toward solutions that please both Israel and the central government, as was the case with the 17 May agreement.

'Ashura Swords

Al-Nabatiyrah jumped to the press headlines during the annual 'Ashura celebrations about a year ago when the traditional religious occasion in this city, attended by an estimated 100,000 persons, turned into a confrontation with the Israeli occupation. The swords of the celebrants, who punish themselves for the arrest of al-Husayn, the son of 'Ali, and his followers in Karbala', by hitting themselves with the swords, turned on the occupation soliders, some of whom were killed or wounded.

Prior to that, al-Nabatiyah, and its villages in particular, was not satisfied with what it had. The villages were ablaze and not one day passed without one or more military operations against the vehicles and personnel of the Israeli enemy's army. The resistance escalated and became more fierce after the well-known 'Ashura confrontation. No one knows what shape it will take this year when the 'Ashura date comes along. Most probably, this year will be the year of the Antoine Lahd army which took over the Israeli positions following the withdrawal of the Hebrew forces from the area a while back under the impact of the stiff resistance they encountered.

Al-Nabatiyah of Old

Al-Nabatiyah has changed much. It is no longer what it used to be. It has evolved from a small village into a city. It used to encompass three quarters: al-Bayyadah, al-Ray and al-Midan. Today, it is linked to two neighboring villages to the south and the north. There is no more distance between it and Kfar Tibnin and Kfar Rumman. It had a Christian minority who live in the old al-Riya quarter and are said to have gone there from Jazzin, perhaps following the well-known 1860 sectarian incidents in Lebanon. Some of them are still registered in Jazzin where they vote. The Christians are a minority here. Prior to the civil war, they had never played a hostile sectarian role to antagonize the people of the area. Following the Israeli invasion, however, the Phalange Party set up an office and appointed a Christian official who soon went into oblivion. Most Christians (Orthodox) who left before the invasion have returned and are now living in peace. All throughout its long history, the city has not experienced sectarian strife.

Al-Nabatiyah has expanded much in the last few years, particularly after the invasion. Its mayor, Mu'in Jabir, says the construction rate has gone up 29 percent since 1981. Its commercial role has also grown at the expense of

Sidon owing to the difficulties of movement and transportation due to inaccessible roads. Along with its district villages, it has submitted a request to the Amal Movement to be transformed into a province the first Shiite province in Lebanon and bringing the number of provinces to six. A decision to create such a province has already been adopted and a governor has been appointed, but the government has not as yet discussed the matter of the province's cadre, its sub-units and its seat, something the area deputies and leading personalities have been demanding. On another level, al-Nabatiyah is isolated from the rest of the world. Telephone service has been cut off since the invasion and it has no telephone contact with the other villages and cities in the south. Its hospitals are a framework of concrete with equipment, donated by one country, neglectfully thrown alongside the street to rust, according to lawyer Ibrahim al-Hariri who is the representative of the Socialist Progressive Party in the south. The same thing goes for the other state institutions.

On the other hand, its inhabitants are distinct from the rest of the surrounding villages. They act like urban dwellers, talking about the village folks and the original city folks! Perhaps such perceptions arise from the fact that a large number of its inhabitants are traders who roam foreign countries and have a high rate of college graduates among them. They seldom get involved now, as they did before, in leftist or other partisan activities. Some knowledgeable people say that a party member from the original al-Nabatiyah inhabitants is a "rare coin" indeed.

Leadership in this area used to, and still does to a certain extent, revolve around the al-Zayn family and the 'Usayran family, the perennial rivals in parliamentary elections. There is also a third side represented by the al-As'ad family. Leadership in this area, as well as in others, is inherited, as we have already seen, but is basically based on village ownership. But the al-Zayn family leadership has an uncommon tale to it. One senior citizen had the following to say about it: "The al-Zayn family is epitomized in Yusuf al-Zayn, father of present deputy; 'Abd-al-Latif, who was married 7 times and had 19 children. His leadership grew under the aegis of the French for he was a friend of the high commissioners, Poinceau and Comte de Martel. He leased the Tyre government land where he cultivated carrots. This government land consisted of seven water pools in al-Biss in Tyre and that is where he made his fortune and built the leadership for his children. He later expanded his holdings, and his heirs still claim ownership of the government land. His mother was from the 'Usayran family who holds the leadership in Sidon, the coastal area and the foothills. This made it easy for him to establish a relationship with the French that widened his horizons of influence.

The Yusuf al-Zayn children reached a point sometimes where they were represented in parliament by three deputies: 'Abd-al-Latif, 'Abd-al-Majid and 'Abud-al-Karim, each from a different area. Their leadership has declined considerably in recent years, however, the same way the former area lords, the al-Fadl family, declined, or rather fell into total oblivion. Besides al-Zayn, there is the 'Usayran family and the al-As'ad family influence. The 'Usayran and the al-Zayn families, and the "deprived movement" led by Imam Musa al-Sadr, agreed to break the As'ad influence in the parliamentary by-elections in al-Nabatiyah in 1974 when present deputy Rafiq Shahin was elected. The third deputy is Engr Anwar al-Savah who belongs to the Kamil al-As'ad bloc.

On another level, al-Nabatiyah witnessed at different times in its contemporary history leftist activities, mostly by inhabitants of neighboring villages and only very few from the city itself. In 1972, it witnessed a bloody confrontation with the al-Rubayhi Company, the worst tobacco farmers' demonstration that claimed two lives. There was the Palestinian refugee camp (al-Ghawalanah) close by which Israel razed to the ground in the early seventies, which witnessed, along with Zahlah and Marj 'Uyun, the first communist union action. Fu'ad Kuhayl quoted us slogans a decreased veteran communist used to shout during the demonstrations.

And These Days

Al-Nabatiyah has changed much these days. Its political map is different and its active forces "on the ground" [as given] are not what they used to be. Everything has changed so fast. Shaykh Raghib Harb, who was assassinated by Israel at the beginning of this year, filled the air with his bellowing resistance in a village formerly owned by the al-Zayn family. And Mahmud Faqih, the Amal official in the south who is leading the Israeli occupation rejection movement, is the resident leader today. All the al-Nabatiyah deputies live outside the area save for deputy 'Abd-al-Latif al-Zayn who sometimes moves between the south and Beirut. At the beginning of this year, the area also bid farewell to the preeminent southern historian, Shaykh 'Ali al-Zayn, who wrote a history inconsistent with that of the traditional southern leadership, including, his family. Al-Nabatiyah and its villages today are no longer a pliable paper in the hands of the traditional leaders. As is the case in other southern areas, this area has a newly-born current very different from the political world of yesteryears, trying to build the outlines of another leadership through its daily and persistent struggle with the Israeli occupation and betting heavily on control over the entire south. Otherwise, everything is liable to revert back to the old status quo.

Israeli army troops are deployed in this area, supported by small groups that formed "national guard" committees in some villages. These committees used to be large and wide-spread right after the occupation, but diminished considerably later on. The Israeli troops here are commanded by Col "Abu Yusuf," but the pseudonyms of other Israeli commanders, such as "Abu Nuh" or "Ja'far," etc., are also mentioned. What is striking in this area is that the occupation forces have not found one prominent face to cooperate with them. For a short while, they bet on a lawyer (Talal Fayyad) who called for the formation of a joint southern body with the "Unified Southern Grouping" chief, Shawqi 'Abdallah, and tried to be the spokesman for the Supreme Shiite Islamic Council, a capacity he gained in the past as a member of this body. But Shaykh Muhammad Mahdi Shams-al-Din quickly denied that Fayyad had any kind of relationship with the council, however.

On the other hand, the Lebanese Resistance Front was able to infiltrate these national guard committees formed by Israel and use its infiltrators within the scope of its military operations, thus prompting Israel to re-examine their make-up. On the other hand, the resistance neutralized numerous committees through assassination and persecution, causing the local population to press for dismantling some of them, as was the case in the village of Jibshit. On

25 March 1983, the local committee in this village announced its own dissolution, closed the "national guard" office and declared its solidarity with the local population which was staging a sit-in at the time. Committee signatures were as follows: Ma'ruf Fahs, Amin Qazin, 'Abd-al-Husayn Mustafa, 'Abd-al-Amir Shuhayb and Dr Khalil Akhdar. Village mayor Muhammad 'Ali Fahs certified the signatures.

Village Uprisings

Armed resistance in this area is backed and supported by the people of a large number of villages. As in other resistance axes, the villages shudder in the wake of Israeli arrests and provocations and demonstrate on religious occasions in a way that infuriates the Israeli defense army. Besides the aforementioned 'Ashura demonstration in al-Nabtiyah, the village of Kfar Sir came under assault by occupation vehicles right after the "Badr" celebrations and was placed under seige for 3 consecutive days. The two villages of Ansariyah and Zibdin rose to their feet disbanding the national guard and pledging allegiance to the Amal Movement and the supreme Shiite council. The villages of Zifta, al-Marwanayah, al-Duwayr, Suhmur and Qalya stages sit-ins and strikes on more than one occasion. At the beginning of this year, the Lahd forces and the Israeli army fired at the imam of 'Arbalim village, 'Abd-al-Karim Shams-al-Din, and "Ansar" staged a 3-day strike protesting the arrest of the son of the village imam Mustafa al-Masri. This is how the villages rise periodically, sticking together through resistance and the clerical apparatus, and deriving strength from Israeli provocations and from luring these troops, along with the Lahd forces, into periodic confrontations with a view to wearing down and confusing the occupation forces and their agents.

The most distinct and striking action, however, was in the village of Jibshit which the Israeli army failed to silence through the arrest of its active imam, Shaykh Raghīb Harb, then his brother, Shaykh 'Abbas Harb who is still under arrest at the "Ansar" camp. This village used to rise weekly, staging sit-ins and strikes or demonstrating and arousing neighboring villages, thus compelling Israel to assassinate its imam. There were other tragedies as well. When the village mosque was destroyed, the people rebuilt it, but it collapsed on the people inside it because of Israeli airplanes breaking the sound barrier. All this notwithstanding however, the village spirits were not dampened for as soon as its imam was assassinated, it appointed a replacement, Shaykh 'Abd-al-Karim 'Ubayd, who carried on his predecessor's march. Then, all of a sudden, a car explosion was heard all over the south when young Bilal Fahs, Nabih Birri's bodyguard, went on a suicide mission to an Israeli position in Dayr al-Zahrani. Fahs' fiancée said "he based his action on Shaykh 'Ubayd's fatwa allowing him to blow himself up when the latter sensed Fahs' determination to die as a martyr.

Amid such frantic conditions and due to its failure to keep things under control in al-Nabatiyah and its villages, Israel finally undertook a step unprecedented in the south of Lebanon. It decided to turn over the city's security to the Antoine Lahd army with a view to shifting the confrontation to the said army in an attempt to conceal the sectarian character of the confrontations

in the area owing to the fact that this army is predominantly Christian. But the Lebanese forces were able to take away the initiative from Israel and its cohorts and the first subsequent military operation was aimed at the Israeli intelligence in the city.

Area Leaders and Commanders

In the face of events in al-Nabatiyah and its villages, AL-YAWM AL-SABI' took a tour that included political and administrative officials and traditional leaders and new political and influential personalities in the area to hear their conflicting opinions about events there and in the south in general.

We begin our tour with lawyer Ibrahim al-Hariri, the Socialist Progressive Party representative in the south, who had the following to say about services in the district: "Banks in the south are suffering from a cessation of deposits. As I see it, banking activity depends not on the receipt of deposits, but rather on their investment. The Central Bank recently adopted a grave resolution when it decided to stop granting any loans in the south, even with real estate as collateral. This is a dangerous indicator of the Lebanese government's stance on the south."

He went on to say: "There are no hospitals or government clinics in al-Nabatiyah, keeping in mind that the city has a population of 50,000 people. There is a decision to set up a government hospital and a building was leased several days ago and renovated several times, but the government is still refusing to equip it. Holland, Bulgaria and Australia donated equipment for the hospital in the amount of 20 million Lebanese pounds. This equipment has been left in boxes at al-Nabatiyah Square out in the rain and the Ministry of Health has done nothing so far to get it installed. In Juniyah, they are building tourist establishments, but cannot be bothered to install hospital equipment in an area suffering daily under occupation."

About the Lebanese resistance and the situation in the area, he said: "We consider the Amal Movement the leader of political action in the south and place ourselves at its disposal. In this area, we urge our Christian brothers in the south to forget their political identities (Phalange - liberal) and remember only that they belong to the south and that occupation must be eliminated. As for the situation in the south, it is not tragic because Israel has failed to penetrate 46 villages plus al-Nabatiyah save for a handful of opportunists. Regarding direct negotiations with Israel, we reject them categorically. What we accept is negotiations under the auspices of the UN and the truce committee. Aside from that, the resistance is going on and escalating with the participation of all people and parties in the south under the patronage of the main axis, namely the Amal Movement."

Mr 'Adil al-Sabah, a former Communist Party leader in the south and a parliamentary elections party nominee who retired from politics recently but remains a well-known leftist personality in the area, says: "The south's present is a consequence of its past, beginning with independence, or perhaps, the French mandate and before that. The government today pays no attention to the south, nor does it offer it any help. They say they do not have the means and we wonder how such means can be available to other areas and denied to the south."

The people of the south can overlook their historical demands if they can feel that the government is on their side and if they can regain trust in this government. I believe the most important duty of the government is liberation in which the Lebanese army can play a basic role in liberating the south. If direct negotiations are the stumbling block in ending the occupation, why does not the government engage in such negotiations. Lebanon and Israel are not the only two adversaries to meet and negotiate. Nobody objected to past direct negotiations; the objection was over their outcome, as represented in the 17 May agreement. I believe that direct negotiations will expose Israel for what it is and people here say 'we want to eat grapes and not to kill the warden.'"

About the national resistance in this circumstance, he said: "National resistance may liberate the land but this requires a long time. We hope that the resistance will not commit mistakes that the enemy can use to revile it publicly, as it has already done, such as throwing grenades in public streets. As concerns the politicians, there are none in the south. They are all in Beirut and statements by new young people in the south are not enough. I believe it is necessary to form committees in every town and village with no specific complexion, and to recruit latent energies to solve the immediate problems, at least those which are plaguing a large part of the population."

Mahmud Faqih is Amal's representative in the south. He is from the town of Kfar Tibnin, al-Nabatiyah district, and is practically exiled from his area. He lives underground in the south because his home was sealed off by the Israeli defense army following a statement issued in Beirut saying that the Amal Movement had arrested two suspects from the group that assassinated Shaykh Raghieb Harb and that it was about to execute them and to retaliate against the rest of the group. About the situation in the south, Faqih says: "Our presence in the south is natural for we are on our land and Israel's ambitions demand that we stay here. Right now I am all but exiled because I am neither in my village or my area. My house was sealed off in the third week of the Israeli invasion and I have been arrested more than ten times, and so have [my] brothers Da'ud, Muhammad Sa'd and Khalil Hamdan. For your information, there are 700 detainees at the Ansar detention camp, 640 of whom are Amal members, including 50 area committee members."

He then talked about the resistance, the role of the clergy and the agents of Israel and the forced cooperation with it. He said: "Cooperation with Israel is limited to the intelligence role and the implementation of the Israeli occupier's orders. We wish this role did not exist and believe it will not succeed. Israel will only get the cooperation of the unemployed, the fugitives and the social outcasts who have no influence over the people of the south. As for forced cooperation, it is unacceptable. There is no such thing as forced cooperation and refusal is refusal and the twain shall never meet. As regards the banishment of religious leaders, Israel tried it recently, but it will have no effect on the resistance. The calls for civil resistance were one and a half years behind the southern people's resistance to the Israeli occupation. More than that, I say that the leaders in Beirut or the south are trying to catch up with the southern resistance. The people of the south are the pioneers, the leaders and the nurturers of this resistance and

that is why there is no danger of suppressing this resistance, even if all the leaders were to be banished. I emphasize this point because many people have appointed themselves resistance leaders for their [own] exoneration and vindication."

[Question] Do you expect Israeli withdrawal from the south in the near future?

[Answer] We must act on the assumption that Israel is here to stay forever. We must not be caught in the labyrinths of expectations, especially since we have been used to hearing such talk every now and then. This can lead to lassitude and laxity by the people of the south who will feel that as long as the Israelis are leaving, why resist. We hope withdrawal will occur tomorrow, but we must not fall into the trap of Israeli delusions about this matter.

[Question] How are you facing the attempts to create sectarian discord?"

[Answer] I will begin my answer by the Free Christian Grouping created under the auspices of givens indicating an rapprochement between the central political leaders in Geneva and Lausanne. There was an attempt to foil the possibilities of rapprochement emanating from an Israeli feeling that the Lebanese were getting closer together. Nonetheless, you see a Christian rejection of this grouping, especially on the part of former deputy Jean 'Aziz, Bishop George Haddad and Bishop Hilu whose role in calling for coexistence and avoiding strife in the area we laud. We in the south are making efforts to prevent demographic segregation and to ease tension through continual visits to Christian villages in the al-Zahrani area where we are finding support, harmony and a desire matching our desire for coexistence. It is not a secret that we were shocked by Bishop Ra'd's (the Free Christian Grouping spiritual leader) proposal, but the other Christian leaders rejected it. We have endured much harassment, have lost more than one brother and many of our villages have come under attack, but we did not retaliate, preferring sacrifice in order not to fall into the Israeli trap since strife in the end is an Israeli trap.

[Question] Do you see a near solution to the problem of the south?

[Answer] The only solution to the problem of the south is the unconditional withdrawal of the Israeli forces which can be achieved when all Lebanese demand it. But to have one party demanding withdrawal while another rejects it delays liberation and withdrawal and places additional burdens on us. It also provides Israel with an excuse to stay in the south with the consequence of unending conflicts among the owners of one land.

Mr Mu'in Jabir, mayor of al-Nabatiyah and head of the al-Shaqif municipal federation, who owns a finance company downtown and is a big landlord here and in Gabon (Africa), says about the city's problems: "The al-Nabatiyah municipality has been around since 1910. I took over as mayor 4 years ago because of the original mayor's bad health. I am also the head of the Shaqif municipal federation. Our budget is about 2 million Lebanese pounds and we have many projects: electric power for federation villages, public sewage system, the slaughter house and the international roads. The government has contracted and the electric power network project in the amount of 1.7 million

pounds appropriated from the federation's budget. The contract was signed by Mr Nabih Birri, minister of water and electrical resources. We have carried out many very difficult works since the invasion and have endured unbearable pressures by the occupiers, but still believe in Lebanon regardless."

He adds: "Israel is putting much pressure on us because of the resistance. For example, when an incident occurs in the commercial market, a grenade or something like that, something that happens all over the world, Israel comes in to close off the commercial market from one end to the other. Two weeks ago, Israel closed the market for 15 days because of a military operation."

He goes on, "Due to the government's absence and the lack of communications, we were paying out government salaries and official wages. We collected donations from people willing to give, despite the fact that they have to pay taxes to the national guard and to the Lahd army on anything and everything. The tax on a commercial place is 25 to 50 and 100 pounds. These are private actions I have nothing to do with because they complicate my business. But I must point out, however, that failure to implement the particulars of the resolution concerning the establishment of al-Nabatiyah province is very detrimental to us, particularly in these circumstances when we need everything, active administrative institutions in particular. We appreciate the situation the government is in because these are unusual and abnormal times."

About relations with Israel, he said: "We have no contacts with them. Our contacts are only with our government. They offered us help which we turned down, saying our government is responsible for us. But they often provoke people in the market place and elsewhere, as I have already mentioned. As for my feelings toward the Israelis, they are like those of a traditional German toward the French." About the area deputies, he said: "I would like to commend 'Abd-al-Latif al-Zayyun [as published] who has been in the south all along. He used to come on foot and was once again exposed to a sniping incident, but one hand alone cannot clap. When people see that an official comes to them to offer his condolences on the death of a relative or to congratulate them on a marriage, they feel the need to stay on their land."

Deputy Rafiq Shahin

Deputy Rafiq Shahin spends most of his time outside the al-Nabatiyah area which he recently visited. He held a press conference in which he spoke for the people of the area, saying he was conveying their sentiments. We talked with him about the subjects being raised in al-Nabatiyah and its villages. He said: "I feel that the people of the south are burdened with the responsibilities and the politicians are to blame for that because they do not live with them. I share part of this blame because we must experience the tragedy on the land for it is not enough just to issue statements. We do spare the government any of the responsibilities. It must adopt bold measures for the liberation of the south because we will no longer remain silent about what is taking place here."

[Question] Do you see any particular means of liberation?

[Answer] I have found out that the southerners do not care at all about the means for liberating their land and spreading governmental sovereignty over it. They told me that government action must stop at nothing and that appropriate measures leading to the south's salvation must be adopted.

[Question] Then you do not feel that this can be done through armed resistance?

[Answer] We salute the steadfastness of the civilian resistance and the people of the south. I say at the same time, however, that one hand cannot clap alone. We must all support it politically, officially and popularly if we wish to follow the resistance line. We must not leave the people of the south alone in this field. When the government finds itself in a dilemma and is unable to adopt any measures, it is supposed to support this step.

[Question] How do you see the future of the south in the current situation?

[Answer] It is very difficult for me to prophesy because I am worried about the south's future. If the south is separated, I do not think Lebanon can survive as a country. There is a tremendous awareness of losing the south because the conspiracy is still going on and this frightens me.

Deputy 'Abd-al-Latif al-Zayn

Deputy 'Abd-al-Latif al-Zayn frequents the area all the time and issues repeated statements calling upon political officials to stay in the south to support the people's steadfastness and going so far as to accuse them of negligence at times. About his travels to the south, al-Zayn says: "It is easier nowadays to get to China than to the south. The Israelis are intent on humiliating us. Another kind of humiliation comes from our own people and it is more difficult to take. The Israelis are trying to portray us as terrorists. It is the citizen's right to work for the liberation of his land. We the defenseless are resisting with faith, dignity and honor. I will not go so far as to say that the resistance will liberate the south, but it is the backbone of the liberation and the one that will speed up liberation. We will force Israel to withdraw at the proper time. Israel will not be able to withstand the kind of resistance it is experiencing in the south today.

[Question] How do you explain the Arab position on what is taking place in the south?

[Answer] We in the south are the only Arabs and the rest are not. Some Arab territory has been under occupation for dozens of years with no resistance to speak of. Neither the government in Lebanon is giving us a helping hand nor the Arab countries are helping us. We are not surprised at the absence of support from the Arab countries because they are the ones who made the war. However, we are very amazed at and we condemn the government's position toward us. In this respect, I say the warlords in Lebanon who have become the ruling lords have no excuse not to pay attention to the south.

[Question] What do you think of the southern leaders' position in this respect?

[Answer] I believe we have reached a stage in which the people of the south have put petty hatreds between families behind them. We are in a crucial stage today and some are fishing in troubled waters. We must be aware of the fact that those political officials, perched on the highest seats of power as though they have deserted the southerners for good, have had no presence in the south for dozens of years. This kind of official wants the implementation of the 17 May agreement while maintaining secret relations with Israel. Today, rightly or wrongly, the south has a rising movement that rejects anything abnormal or unpatriotic. Nonetheless, those talking about the 17 May agreement must come to the south to live there because the strongest weapon against Israel is to remain on southern soil. I call everyone to this initiative: to be in the south. Even our Amal brothers must stay in the south and those fighting on the green lines must come to the south for that is where everyone's enemy can be found."

When leaving al-Nabatiyah, the following comes to mind: Is what is taking place in the south today a resistance to the Israeli occupation through its material and moral presence and its local adjuncts, or is it much more than that. What we saw and perceived in this area goes in depth beyond the main daily task: from resistance to occupation to resistance to the painful past with all its forms and images.

12502

CSO: 4404/33

GOVERNMENT CONTINUES TO PUSH SECURITY AGREEMENT

London AL-HAWADITH in Arabic No 1455, 21 Sep 84 pp 13-14

/Article by Amin al-Siba'i: "Cauterization with 'Joint Deterrence' Is Latest Medicine; Debilitating Decision on Withdrawal from South Faced by Karami in New York"/

/Text/ The committee entrusted by the Council of Ministers to draw up a plan for the security arrangements in the south, Western al-Biqa' and Rashayya has nearly completed its task.

What this committee has accomplished must make its way to the legitimate leaderships, embodied in the presidential palace, the cabinet and the army command. There it will be studied prior to official consultation on its main provisions by a number of the region's countries and friendly countries to enable them to form an idea that will help Lebanon program the withdrawals, with indirect Israeli satisfaction.

The element of urgency engulfing this issue emanates from official and political convictions to the effect that it is in the better interest of Lebanon--so that Prime Minister Rashid Karami may not go to the UN General Assembly's ordinary session next month, may not make a speech similar in tone to the complaint submitted by Lebanon to the UN Security Council 2 weeks ago and obstructed by the U.S. veto and may not return to Lebanon empty-handed. It also emanates from the conviction that the Lebanese prime minister carry with him the plan of the security arrangements to act as an alternative to the Israeli occupation and to use this plan as a starting point for a settlement that goes beyond the scope of complaints and of campaigns of mutual accusation by Lebanon and Israel.

The U.S. administration is sympathetic, to a limited degree, to this approach. A prominent Lebanese politician has cited specific opinions expressed by the U.S. ambassador to Lebanon to the effect that President Reagan's administration, which is still seeking a reasonable justification for the veto it used against the Lebanese complaint to the Security Council, has preferred and continues to prefer that the occupation issue be tackled according to solutions suitable for exerting pressure on Israel and that this administration believes that establishing the solutions for a plan, which could be the security arrangements plan, is something that is more beneficial than complaints and mutual campaigns.

This information adds that there are some conditional U.S. assurances tied to demands that Lebanon open the dossier of withdrawals after the U.S. presidential elections next November, provided that Lebanon make its initial decisions as of now regarding its conception of the type of security arrangements it can offer Israel.

The conditions attached to the U.S. assurances are embodied, for example, in urging Lebanon to take into consideration the military situation existing in the occupied territories and the Israeli security conditions in the south, without going to excesses in supporting the positions that are not, in the eyes of the Americans, convenient for making Israel sign security provisions and arrangements that may be abolished before the ink with which they are written dries up or that may sink in the Lebanese quicksand.

The Americans are also seeking prior guarantees from Lebanon on the need for coordination with Syria to program a Syrian counter withdrawal even if this withdrawal is scheduled to occur after the programmed Israeli withdrawal.

The regime engulfs the security arrangements plan, which is on its way toward crystallization, with extensive secrecy in anticipation of various negative possibilities.

Regarding these possibilities, one of the ministers has said that they are justifiable and objective. There is the repeated Israeli rejection of coordination between Lebanon and Syria on implementing the security plans, on opening the political dossier and on "confining" the settlement to Lebanon.

There is also the rejection, constantly knocking at the cabinet's door, of any settlement deriving its elements from the Syrian plan and of any discussion on liberation of the occupied territories before establishing the guarantees for the faction expressing this rejection.

There is also the third faction which rejects Israel's departure from Lebanon without an alternative to the abolished 17 May accord and without an official conviction on the need to sit once again around the table of direct negotiations with Israel.

There is a fourth faction trying to obstruct consensus in the cabinet on the proposed security arrangements agreement so as to reflect the principled disagreements on foreign policy between the cabinet members and to entrench the inevitability of confronting this disagreement by establishing it on the ground at the sectarian and geographic levels in order to impose the plan calling for a federal state.

These factions, with their capability at the political and security levels, can obstruct the process of the security arrangements before it reaches the decision-making and approval stage. This makes it necessary for the government to shroud the plan in secrecy so as to protect it from the arrows that may hit it.

The cabinet formed the committee which has drawn up the security arrangements at the beginning of last July. The committee is comprised of a number of

brigadier generals in the legitimate army and includes Dr Khalil Makkawi, the director of political affairs at the Ministry of Foreign Affairs, and Dr Sa'dallah al-Khuri, the chairman of the State Consultative Council, as advisers.

The committee held its first working meeting on 14 July under the chairmanship of President Amin al-Jumayyil and in the presence of Prime Minister Rashid Karami. It has proceeded in its efforts, according to Prime Minister Karami, on the basis of official instructions directing it to draw up a plan seeking to establish full state control in the south, in Western al-Biqa' and in Rashayya, to prevent infiltration from these areas into Israel and to insure safety and security for all of the area's inhabitants.

Since the start of the committee's efforts, the regime has employed clear phrases by which it has sought to convey principled messages to the Likud government in Israel on replacing the security plan which brought about the downfall of the 17 May accord with security measures which, Minister Habih Junblatt says, will succeed. The measures will also prove through experience that they insure pure Lebanese security for all the southern and al-Biqa' territories and prevent any threat emanating from Lebanon against Israel, but without going beyond this limited framework to any provision that may serve premeditated Israeli ambitions and objectives which seek to lure Lebanon into any kind of bilateral peace agreement with Israel and to break Lebanon's ties to the Arab destiny.

Lebanon has recently reiterated these phrases in its indirect diplomatic messages to the Labor Party government which includes Likud elements. Lebanon has said in part that the security arrangements are based on a fundamental objective, namely to demonstrate the determination of Lebanon, both government people, to liberate its soil from the Israeli occupation and its military ability to deploy the national army in all areas to foil the pretexts masking the continued presence of the Israeli Army in the occupied territories for the purpose of protecting the borders.

No serious responses have been received indirectly from the two-headed government in Israel since the formation of Peres cabinet. European diplomats in Beirut consider this normal and ordinary because the time has not yet come to ask the new Israeli Government for detailed positions.

But an independent politician in Beirut said last weekend, citing the aforementioned European diplomats, that there are disturbing signs concerning the secret agreement reached between the Labor Party and the Likud Bloc--an agreement on whose basis the joint Israeli cabinet has been formed--on the future of the Israeli military presence in the occupied territories.

These signs indicate that Israel will procrastinate on the issue of withdrawal from Lebanon and will practically implement a number of alternatives simultaneously.

The first alternative to the occupation is embodied in calling on Lebanon to conclude a large-scale agreement for security arrangements that leave the imprints of the 17 May accord on one-third of the territories of Lebanon, in addition to the heights of al-Baruk Mountain.

The second alternative is embodied in urging Lebanon to turn a blind eye to the reality of the open borders between the south and Israel to insure the easy and free movement of diplomats, foreign tourists, clergymen, members of families divided between Israel and Lebanon and a limited number of military men and media people. Israel believes that this is like seeds which if planted today, even in a small area, will produce fruits and grow in future years.

The third alternative is to wrench from Lebanon a position that curtails the dimensions of the coordination with Syria and dictates a full Syrian withdrawal from Lebanon, even if it takes place after the Israeli withdrawal. This is in addition to abolishing all the official and legal relations established between Lebanon and the Palestinian resistance.

The fourth alternative calls for tailoring the presence of the legitimate Lebanese Government in the occupied territories according to Israeli measurements, especially in terms of expressing views on the military commands and elements that are to be entrusted by the Lebanese cabinet with supervising security in these territories.

The fifth alternative--the talk about this alternative evokes extreme concern--is embodied in Israeli endeavors to obtain Lebanese official positions that would change some of the ruling faces in Beirut, would reorganize the official and political apparatus and would impose this change on the various groups influencing the decisionmaking.

The Lebanese politician who received this verbal report said that these alternatives prove that plans are being made for a new phase of bloody internal conflict and not for allowing the problem to be settled politically. This makes one believe that the security and political plans prepared and studied in the cabinet retreats are threatened with sudden geographic changes which Israel will bring about through limited partial withdrawals from the occupied territories to reduce the size of its losses on the one hand and, on the other hand, to reshuffle the cards in Lebanon in a manner similar to the reshuffling which took place in the mountain at the beginning of September 1983.

What is happening at present on the other side?

Syrian President Hafiz al-Asad has made a number of decisions recently to boost a circulation of the plan for the security and political settlement of the problem. The Syrian president has again decided that a speedy agreement among the Lebanese political leaderships on the security provisions and on the political solution before the end of the current year has become a strategic requirement that must be achieved before the Americans open their new pages on the Middle East under the new administration.

The Syrian president has spoken clearly of the dangers of faltering and of procrastination to both Lebanon and Syria. He has also spoken clearly of Syrian decisions being "ready" to avert these dangers.

A lot has been said in Beirut and Damascus through official delegations about what is being prepared on one side and what must be prepared on the other side to counter it.

Within the framework of the statements made on the peripheries of the discussion concerning expansion of the scope of the security plans, the military observers do not find it unlikely that the determination to achieve the goal will lead to sudden military tension with Israel or to a surprise in al-Biq'a'.

This issue and this concerted movement which preceded the cabinet retreats in Bakfayya made it permissible to pause before information to the effect that the Syrian decision takes into account, despite all the elements of exclusion and denial, the possibility of direct military intervention in all areas of the security plan, including Beirut, if all the other alternatives fail under the impact of the numerous existing obstacles.

At a private meeting, some Lebanese politicians said that President Hafiz al-Asad has decided not to put the Syrian Army's fingers into the intricacies of the Lebanese problem and that he has deemed, in light of the experience, that the army's task should focus on confronting the relatively concerted Israeli presence on the borders and in al-Biq'a' and that the new legitimate security agency in Lebanon should assume the responsibility of holding all the internal security threads.

In implementing this idea, the latest coordination steps have rescued the Beirut security plan from more than one pitfall it has encountered, have saved the cabinet from collapse, have opened for it the path of seeking a political settlement and have formulated a plan to extend the legitimate government's security plan to the mountain and to the coastal highway. Reconciliation has been achieved between Syria and the armed leaderships in Tripoli. All have been told that what is required is to implement the security measures and the political agreements in the shortest time possible and with as few conflicts as possible because the alternative will not be a resumption of the fighting in Beirut's streets or a return to the partition schemes but something else which will be discussed at the right time.

At the private meeting, this politician said that many sides have permitted themselves to believe that the "other alternative" that will be employed in case of failure will be, despite Prime Minister Karami's denials, tantamount to sudden changes that will be approved within the framework of the Lebanese-Syrian coordination and will provide--only when utterly essential--for establishing field cooperation, limited in terms of both scope and time, between the legitimate Lebanese security agency and the Syrian Army to check any sudden deterioration that may serve Israeli interests. This joint cooperation, which reminds one of the similar cooperation plan about which there was talk in North Lebanon, will be close in form, though not identical, to the deterrence forces initiative. If approved, this cooperation will not exclude the mountain, the coastal areas or Beirut.

This possibility is not eliminated either by President Hafiz al-Asad's decision to keep the Syrian Army as far as possible from the details of the Lebanese crisis nor by Prime Minister Karami's denial of the reports speaking of the possibility of the return of the Syrian deterrence force to Beirut and Karami's statement that he has official evidence proving that this is out of the question because field cooperation between the Lebanese and Syrian security agencies will

not materialize as a result of a cold decision but will happen in cases of deterioration which Syria considers detrimental to its initiative and threatening to its security. Syria's intervention then will not be the intervention of the soldier coming to stay but that of the soldier supporting the legitimate government and a specific task. This soldier will retreat from his positions when he performs the task in coordination with the legitimate government of the country needing the help and on a clear request from this government.

There is, of course, agreement among numerous people in positions of power and of political responsibility that the interests of Lebanon and Syria dictate that this kind of decisions be avoided so as not to return with the Lebanese crisis to the starting point.

The prominent officials are convinced in principle of these opinions.

Some of these officials believe that if the Lebanese regime is looking for trouble, and for a political and security collapse and wants to give Israel further justifications, keeping in mind that Israel's Navy and Air Force have reached the Lebanese capital's shoreline and airspace in the wake of the intensifying talk about the return of the Palestinian fighters--if Lebanon wants all this trouble, then the best way to get it is to Arabize the legitimate government's weapons and to seek the help of forces other than the Lebanese Army.

These prominent officials advise the regime to understand these facts, to wager on Syrian and Arab political aid only and to continue to seek ways to compel Israel to withdraw through indirect negotiations. They add that Prime Minister Rashid Karami may select some paths leading to this withdrawal during his presence in New York with the help of some friendly countries and the United Nations and may rely on the international presence in the south, embodied in the UN emergency forces, to support the deployment of the army and of the security forces in the occupied territories as an alternative to the Israeli presence, provided that no hasty steps are taken to help Israel depart from the Lebanese arena only to bring about more internal fighting.

This is why concerted official and political efforts were exerted at the end of last week to establish minimal agreement between the government leaders on the needed security and political decisions so that Prime Minister Karami's UN mission may not fall by the wayside and so that Lebanon, though divided internally, may not fail to convince the world of its right to regain its territories.

The two contrasting currents of optimism among some of the government leaders and pessimism among others continue to be a cause for constant concern over future surprises until further notice.

8494

CSO: 4404/13

SHAYKH SHA'BAN DISCUSSES SYRIAN, IRANIAN PRESIDENTS

London AL-MAJALLAH in Arabic No 241, 22-28 Sep 84 p 15

/Article by Zaki Shihab: "AL-MAJALLAH Interviews Mufti Khalid and Shaykh Sha'ban; Iranian President Promised Religious Leaders an End to Sedition in Lebanon" /

/Text/ Beirut--Iranian President Ali Khamene'i has tried to use his presence in Damascus as a means to mend the bridges, repair the lines and open the crossing points between Iran, which is accused of aggravating sectarian and religious sensitivities in Lebanon, and influential Islamic leaders who have exerted a massive effort in the Lebanese arena for the purpose of preserving the unity of the Muslims. The meetings with Shaykh Hasan Khalid, the mufti of the republic; with Muhammad Mahdi Shams-al-Din, the deputy chairman of the Higher Shi'ite Islamic Council; and with Shaykh Sa'id Sha'ban, the head of the Islamic Unification Movement, have been an occasion to explain the Iranian position on this particular issue. The Iranian president felt the psychological and sectarian pressure prevalent in Lebanon. In return for the explanations offered to these leaders by the Iranian president, he heard from them their interpretation of the situation in Lebanon. Shaykh Hasan Khalid, a man who spends most of his time under the pressure of sectarian sensitivities in West Beirut and who works ceaselessly to diminish these sensitivities, was frank. He told the Iranian president that "the city of West Beirut is threatened by dangers as a result of the sectarian manifestations spread in it by some political forces and partisan movements hiding behind Islamic slogans supported by Iran. The irresponsible actions of these forces and movements harm not only Lebanon but every Muslim country." Shaykh Khalid added: "Maintaining the unity of the ranks means necessarily putting an end to all the violations committed in Beirut. There are certain matters on which one cannot keep silent when they reach a certain point. Such acts serve the enemies of Lebanon." The Iranian president made note of everything and promised to put an end to all these issues at the 90 minute meeting.

Regarding the Iraq-Iran war, Shaykh Hasan Khalid, the mufti, said to Khamenei: "It is impermissible to waste Arab and Islamic resources. These resources must be channelled toward fighting the Israeli enemy."

The Iranian president answered the mufti: "Preserving Islamic solidarity in Beirut and in the other areas is important. The unity of the Islamic ranks is part of our policy and creed. What is happening on the ground does not help the interest of this unity."

As for Shaykh Sa'id Sha'ban, his meeting with the Iranian president crowned relations that had existed previously between the shaykh and Tehran.

The flexibility to which Shaykh Sha'ban has clung in his relationships with the other Islamic sects has had its impact on keeping the channels open and smooth with people who had fought against him militarily in Tripoli.

In an interview with AL-MAJALLAH after his meeting with the Syrian president and the Iranian president, Shaykh Sa'id Sha'ban, the head of the Unification Movement, said regarding this meeting with President Kahmene'i: "We entreated the Iranian brothers to exert efforts to bring the views of all sects closer to each other so that colonialism may not exploit this sectarian division and lead us to infighting. The only beneficiary of such conflicts is God's enemy. Our meetings turn our weakness into strength and our disagreement into brotherhood. With this, we will have an influential impact on local and international policy."

/Question/ Shaykh Sa'id, you said after your meeting with President al-Asad that the sedition has ended. Do we understand from this that the battles in Tripoli have neared their end?

Shaykh Sha'ban: We have talked with Damascus out of sincerity and not out of courtesy because this is no time for courtesies. We hope that the Syrians will enact what they have discussed with us and will fulfill what they have promised because the free fulfill their promises.

/Question/ You have also said that the issue of the detainees has been settled. How and on what basis?

Shaykh Sha'ban: We have discussed the issue of the detainees and prisoners in both Damascus and Tripoli and we have been promised that all the detainees and prisoners against whom there are no charges of attacks on Syrian forces or the state of Syria will be released. As for those against whom sentences have been issues, they will receive their punishment.

/Question/ Did your meeting in Damascus with Shaykh Muhammad Mahdi Shams-al-Din deal with the dangers threatening the unity of the Muslims in Lebanon?

Shaykh Sha'ban: The conversation with His Eminence Shaykh Muhammad Mahdi Shams-al-Din has been a heart-to-heart conversation and a conversation of brothers. We have stressed agreement on the same ideas as we have stressed the need to drive away the ghost of sectarian sedition which Israel and others use as a threat against us. Shaykh Shams-al-Din's tendency has been the same as ours.

/Question/ What is the common denominator in the Iranian president's meetings with Lebanon's Muslim leaders?

Shaykh Sha'ban: We consider these meetings the nucleus of an Islamic unity. Meeting in God is better than splitting into opponents and foes. The circle of Islam is spacious enough for all of us.

/Question/ Have you been invited to visit Tehran?

Shaykh Sha'ban: Yes, we have and we will respond to this invitation at the proper time. We will respond to the invitation of any Arab or Muslim brothers.

/Question/ With what kind of impression did you emerge from your meeting with President al-Asad?

Shaykh Sha'ban: It was a good impression. I noticed a considerable response to clearing the atmosphere and to restoring calm and stability to Tripoli and to Lebanon so as to preserve the dignity and rights of all. Justice is the foundation of government and any peace agreement not founded on justice is threatened with collapse.

/Question/ In the past, your relations with Syria were tense and abnormal. How can we describe these relations since your meeting with the Syrian president?

Shaykh Sha'ban: We have dealt with all the issues and have reproved each other. We have stressed that it was never our intention to fight the Syrians but to fight Israel and its allies. Syria had to hear our voice which we have always raised in our sermons and our statements. President al-Asad has expressed the same viewpoint, saying that he had never intended Tripoli any harm. We have accepted the disguised apology and hope that this apology will end a period that has been difficult for all of us because we want to agree on confronting Israel.

8494

CSO: 4404/13

'DOCUMENT OF HONOR' VIEWED POSITIVELY

Paris AL-MUSTAQBAL in Arabic No 397, 29 Sep 84 p 25

[Article by Ghassan Bayram: "After Signing the Pact of Honor, Is Leaders' Conciliation Lebanese People's Conciliation?"]

[Text] Not one day passed during the cabinet retreats held at the summer presidential palace in Bikfayya without the daily press publishing, besides the news about the retreats, off-the-cuff chatter between Minister Walid Junblatt and press correspondents who covered these emergency activities of the national unity government.

The Lebanese people were more interested in Junblatt's chatter with the reporters than in published official statements and information about what was being done in these retreats. This is not to indicate that the Lebanese people were not expecting much from these governmental retreats, but rather that they knew instinctively that the statements of the Socialist Progressive Party leader is the Lebanese situation's barometer. If they are positive, people are reassured that things are calm and getting better, a feeling that soon changes if such statements contained attacks and a political assault against the government or the regime.

Certain insinuations in circulation notwithstanding, Mr Junblatt in his chatter was bent on underscoring his commitment to the "pact of honor," the agreement confirmed by the Bikfayya convention in its opening session concerning the discontinuation of mutual attacks between the government and the regime.

It is a written agreement drafted by Minister Salim al-Huss and Joseph al-Hashim and, according to some ministers, the drafting and the honoring of this pact of honor were two basic conditions for proceeding with the retreats. Thus, those Lebanese who were expecting the Bikfayya retreats to come out with a national charter that can restore their unity and cohesion, found that it was nothing but a pact of honor among the people in power which, if abided by, leads to the discontinuation of attacks and accusations that have ruled their past relations ever since the government was formed. At any rate, some observers feel that it is a positive step along the road of total conciliation since conciliation among the rulers may very well be the road to conciliation among all Lebanese. And, in order for all the different factions to make peace with each other, the rulers must first make peace among themselves.

Those who do not wish to make little of the resolutions issued by the Bikfayya retreats feel that the pact of honor stands out as the right thing because it was, from the outset, the necessary foundation for any government action or accomplishment, be it on the political or security levels. Perhaps Syria, from experience, has become the one best able to understand Lebanon's situation and the Lebanese people and the more capable of being at the helm.

A generally-accepted political truth is that the holding of retreats recently became the only choice to avoid a political outburst that could sweep away the national unity government. Relations between the president of the republic and what he represents politically, and the opposition ministers, Walid Junblatt particularly and Nabih Birri and what they represent, are on the brink of collapse and have almost reached the point of no return. These relations were deteriorating more and more because of the slander campaigns and attacks waged at every occasion, thus providing more than one justification for statements by political leaders expressing their surprise and amazement at the persistence of such a situation.

Former president Sulayman Franjiyah said this was not a national unity government, but rather a national division one, and he wondered about what compels the president of the republic not to use his constitutional right to dismiss it.

Leader Raymond Iddih, from Paris of course, described the current events as the strangest stage play in the world. Prime Minister Rashid Karami, however, replied to all of this by saying that if this government was going to blow up, it would have done so already. Of course, what Karami said was a fact that summed up a reality we cannot go into now. However, with the continuation of this reality which is ruling and controlling everyone, relations among the people in power sank to new levels, heating up the political front, especially following the council of minister's failure to convene, which in turn cast heavy shadows on the military front. The only way out was to give in to the opposition ministers' demands to hold these government retreats that were able, to the extent possible, to ratify recommendations concerning the formation of committees for reviewing proposed political and constitutional reforms and coming up with final ideas and versions in this regard. For example, there was the new constitution drafting committee which was given one year to do its job and the committee for re-examining the naturalization law and the one charged with looking into the amendment of the statutes, both of which were given two months to finish their jobs. Other similar committees for looking into the proposed decentralization projects and the amendment of the election law were still under discussion.

Whatever the case may be and regardless of how modest these resolutions are, they are nonetheless a positive step by the opposition to open the political reform file. This is perhaps the first step towards new relaxation, one that supports security plans and steps to be carried out beginning with Tripoli in the north, passing through the mountain and going all the way to the south.

12502

CSO: 4404/36

OVERVIEW OF ILLS OF NATIONAL ECONOMY

Paris AL-MUSTAQBAL in Arabic No 397, 29 Sep 84 pp 55-56

[Article: "What Can Bikfayya Retreats Offer A Government That Spends, But Does Not Produce, Pays Out, But Does Not Collect?"]

[Text] The Gross National Product [GNP] is on the decline, the balance of payments is registering a disturbing deficit and foreign resources are drying up. All these activities cannot get moving [again] without restoring confidence in basic solutions.

The eyes of the Lebanese, all the Lebanese, last week were directed at the cabinet retreat in Bikfayya following a critical period of political paroxysm that diffused an atmosphere of clear pessimism.

Whereas the retreat came out with some political results to deal with certain thorn problems, the eyes fixed toward Bikfayya are of the kind that is looking for speedy action to enable the Lebanese economy to hold out or at least go on until a political solution is accomplished.

Thus, it can be said that the main challenge Lebanon is facing nowadays is far more economic than political, notwithstanding the fact that it is difficult to separate the two and that the influence one has on the other cannot be denied.

However, the economic challenge lies in the security formula: the political situation is not a candidate for eruption, but does not yet qualify for total solutions. As for the economic situation, it is a candidate for collapse and the only thing that can save it is a basic political solution, albeit the step-by-step kind. So how was the economic situation on the eve of the cabinet retreat and the morning after?

1- There is no doubt that the GNP has been gradually declining ever since the war started, as a result of constant attrition brought about by the continual destruction of the infrastructure in all the various sectors. Industrial exports have been on the decline since 1977 and agricultural production is in worse condition than industry, be it on the production or consumer level. As for tourism, it has turned into a local sector, inasmuch as it is not attracting any foreign resources, that depends on a handful of restaurants, night-clubs and hotels supported by the Lebanese themselves. Rather, tourism has

taken the opposite course. Instead of Lebanon receiving Arab and foreign tourist business, it has notably become a source of tourism. There is Lebanese tourism to Cyprus and Greece and to West and East Europe. Instead of tourism attracting new projects in Lebanon, providing local and foreign employment, tourism in other countries is attracting Lebanese capital and capabilities. Lebanese tourist projects sprang up in Cyprus, Arab countries and in Tunis and recently went as far as Malta, an island one-quarter the population of Beirut.

The same thing can be said of industry that has been in recession throughout the past years, a recession that has compelled many capitalists and technical cadres to go abroad. New industries have been set up in Saudi Arabia and the Gulf capital gained expertise. The recession in the GNP has hit all sectors without exception, including services. Lebanon is no longer the desirable center for regional companies, nor is it the proper center for education, medical treatment and training. Such activities have turned from a source of attraction into a source of attrition, whereby the Lebanese are getting their education abroad and also their medical treatment.

Thus, it can be said that the GNP has dropped to such a disturbing and frightful level that our society has almost been transformed into a productionless consumer society due to degenerated and outdated production means, the lack of new investments and production and export barriers.

2- The GNP depends primarily, and to a considerable extent, on the resources of Lebanese working abroad, particularly in oil producing countries which used to provide no less than \$150 million to \$200 million a month. These resources coming into Lebanon, on top of the "political dollar" that used to finance the war in Lebanon, made up for the decline in the GNP. This situation was not to endure, however, and the picture began changing gradually as of 1982. The resources of the Lebanese began dwindling as a result of the economic situation facing the oil-producing countries. Saudi Arabia and the Gulf countries entered a stage of considerable austerity, during which they began expelling some of the Lebanese work force which they had been so anxious to grab at the beginning of the war. The Gulf war between Iraq and Iran has exhausted two other markets on which Lebanon used to depend for its trilateral and bilateral commerce and industry. Accordingly, the GNP catalyst has lost its importance, and resources coming from abroad have dried up for external as well as domestic reasons due to the country's inability to draw any emigrants or expatriates.

3- With the dwindling of resources from citizens working abroad at a rate of no less than 50 to 60 percent, other resources began dwindling as well when the Lebanese war had to be financed from within, beginning with arms for the army in 1982-83, which placed additional burdens on the treasury, causing the public debt to jump to a considerably higher level during these 2 years. Consequently, the treasury faced increased pressure at a time when its resources had dwindled to almost nothing and the hope for improved resources were dashed in view of the limited business at Beirut Port because of increased activity at other illegal ports. It seems that as of the beginning of this year, the

government has been spending and not producing and paying out without collecting, thus raising the deficit to a high level of about 30 billion Lebanese pounds.

4- As a result of all these factors put together, the balance of payments showed a deficit for the first time since 1966. Recent figures about the balance of payments are disturbing indeed, and the deficit, according to Bank of Lebanon estimates, may reach the \$2 billion mark before the end of this year.

Undoubtedly, the balance of payments deficit well illustrates the economic deterioration represented in lower production and exports and higher imports, as it also illustrates very well the decline in foreign resources and increased drain on the country, be it through emigration or education and tourism abroad or through money transfers in foreign currencies from the Lebanese banking system to banks abroad.

All this offers an objective explanation of the Lebanese pound situation and the reasons for the pound dropping 25 percent from its 1983 value. There is no doubt that speculation plays a role in this, but it is a limited one that manifests itself through rate of exchange fluctuations from time to time as well as rapid deterioration in some instances. However, speculation cannot be solely blamed for the drop in the rate of exchange because such a drop has economic and political reasons which in themselves create a climate suitable for speculation.

Perhaps this explains why the pound has not benefitted from any limited political developments. Neither the [cabinet] retreat in itself nor the announcement about the creation of a constituent body had any positive effect on the value of the pound.

Thus, the economic challenge facing Lebanon is represented in the following picture:

The Lebanese economy as a whole has been exhausted and frightfully drained from within, unable to take off anew unless security is firmly and decisively established. Past bets no longer hold because people have used up all their stored strengths and are no longer able to pin their hopes on partial steps. To them, it is no more a question of whether the cabinet meets or does not meet or whether this or that minister is absent.

The fact is that the least that must be done is to take a basic political step that suggests that Lebanon has started on the way to a final solution. The critical thing is that the economy's ability to wait has become limited, hence this race between political solutions and economic recession. While it is true that the current economic situation and the present rate of exchange are not very critical, things have taken the road to ruin, and only radical political solutions, even one at a time, can save the situation. The only things that can get production, employment and foreign resources going again is confidence in the future, something that cannot be restored by peripheral and superficial measures.

Herein lies the challenge and the importance of cutting the waiting period short for fear of being too late in bringing about a solution in which case ruin will be universal encompassing all groups and areas.

BRIEFS

REFORM COMMITTEES NARROWLY BASED--Lebanese political circles were wondering about the "scale" used by the government when it announced the formation of the "Constitutional Reform Preparation Committee," "the Statutes Committee" and the "Naturalization Law Committee" and whether it considered including in these committees all the leaders, all the Lebanese political and partisan institutions and all denominations. There circles observed that these committees were formed in the image of the Karami government, which is to say that they can be an expanded Karami government. They said that 90 percent of these committees' appointed members belong, in one way or another, to the Karami cabinet itself and that there were many parties and agencies not represented in them. For example, these circles cited the exclusion of the Ba'th Party, the National Bloc Party, the Nationalist Party [Hizb al-Qawmi - i.e., the Syrian Social Nationalist Party or the PPS] the Communist Party as well as other political institutions and groupings left out of these formations, such as the parliamentary groupings for instance, the Independent Nasirists Movement (al-Murabitun), the Maronite League and many more. [Text] [Paris AL-MUSTAQBAL in Arabic No 397, 29 Sep 84 p 13] 12502

FRENCH-LEBANESE BANKING VENTURE--In September of this year, an agreement was signed in Beirut between the Lebanese "Fransabank" management and the French "Credit Agricole" group providing for the establishment of a "Fransabank"-France, with a capital of 50 million French francs divided between the "Fransabank"-Lebanon and "Credit Agricole," 65 percent to 34 percent respectively. The agreement also provided for 5 percent "Credit Agricole" partnership in Fransabank-Lebanon with the option of increasing this rate to 34 percent within one year from the effective date of the agreement which was signed for Lebanon by Mr 'Adnan al-Qassar, board chairman of Fransabank, and for France, by Serge Robert, central director of international affairs of "Credit Agricole." This step was considered a confirmation of world trust in the Lebanese banking sector and the Lebanese economy in general, especially since "Credit Agricole" is the largest French and European bank. [Text] [London AL-TADAMUN in Arabic No 77, 29 Sep 84 p 59] 12502

CSO: 4404/36

SAUDI ARABIA

ARAB CENTER FOR SECURITY STUDIES DISCUSSED

Riyadh AL-JAZIRAH in Arabic 15 Oct 84 p 11

[Article by 'Abd-al-Ra'uf Naji: "Head of Arab Center for Security Studies and Training to AL-JAZIRAH: Security Data Bank at Center To Meet Needs of All Arab Countries in Sphere of Security Information"]

[Text] The Arab Center for Security Studies and Training is one of the independent Arab centers that are in charge of shouldering the burdens of achieving their objectives. The center is one of the Arab scientific institutions embraced by the kingdom to offer unified services to the Arab countries in the sphere of security research and studies and of holding courses, conferences and seminars which reflect on the level of security performance and are intended to provide maximum Arab social security.

As one of its objectives, the center seeks to become familiar with the provisions of Islamic criminal legislation and with the complete principles and application systems it contains and to study the social and criminal problems in Arab society and the proper means to deal with them.

In the following, we are glad to interview Dr Faruq Murad, one of the Saudis who are considered real representatives of our country because of the services they perform through their Arab, regional, continental and international positions.

We will leave it to Dr Murad to talk about the center's objectives, about the idea for establishing it, about the resources it contains and with which it can achieve its objectives and about the activities in which it engages. Following is the interview with the head of the Arab Center for Security Studies and Training:

Idea

The Arab Center for Security Studies and Training was established when officials of the Arab countries felt the need for a common Arab effort to enhance the technical and scientific standard of Arab security personnel. The idea of setting up an Arab institute to train Arab policemen was projected at the first Arab police commanders conference. It was then felt that there was a need for a scientific base for preventive security programs and plans. At the conferences of Arab ministers of interior, it was decided to link

scientific research with training and with the related complementary activities within the framework of the Arab Center for Security Studies and Training.

Center and Kingdom's Role

Acting on the instructions of his royal highness, the minister of interior and his royal highness the deputy minister of interior, the Saudi delegations to the conferences of Arab police commanders and of Arab ministers of interior and the delegations to the meetings of the Arab Organization for Social Defense Against Crime exerted efforts to play the pioneer role for which they are qualified by the security and stability achieved in the kingdom. This is a role achieved by these delegations through the other delegations' aspiration for what the kingdom can contribute in this important field through its experiences and expertise.

When the issues pertaining to the setting up of the Arab Center for Security Studies and Training were raised, the kingdom was always the first to encourage those activities that have achieved Arab integration vis-a-vis the security dangers. This is why the kingdom embraced the project from the start and undertook the commitment of building and operating it. In fact, the kingdom set aside for the project a site with an area of 160,000 square meters in Riyadh and concluded a 430-million riyal contract for the construction of the center, in addition to the subsequent costs of furnishing and equipping the center. The kingdom also gave the center its operational budget and its reserves, amounting to 11 million Saudi riyals. The kingdom continues to provide this center with all forms of support out of its appreciation of its positive background at the Arab security level.

Center's Management

The center has an international legal status and is managed by a board of directors and a chairman. The board of directors is comprised of a number of Arab scientific personalities headed by His Royal Highness Prince Nayif ibn 'Abd-al-'Aziz, the Saudi minister of interior.

Center's Services

The Arab Center for Security Studies and Training in Riyadh serves with its activities all the Arab security agencies. It also serves the criminal justice agencies (criminal legislation and judiciary) and the social welfare agencies, especially those agencies concerned with protecting Arab society from crime and delinquency.

Center's Objectives

First, it devotes attention to providing the scientific base for researching the relevant social issues and problems so as to establish a base of the real knowledge followed by modern science in formulating steps and plans to protect Arab societies from crime and delinquency. The center also seeks to become familiar with the rules of Islamic criminal legislation and with the complete principles and application regulations this legislation contains.

The center further seeks to strengthen and develop relations with scientific, social, criminal and police institutions and to exchange information and expertise with them. It seeks to link the efforts channelled toward fighting crime, to develop the methods and means for fighting crime and to improve and enhance the capabilities of policemen through the studies and training courses offered by the center. These activities are integrated to achieve the ultimate goal, namely to insure a high level of security, stability and prosperity in the Arab societies. To achieve the center's above-mentioned goals, the center devotes attention to implementing projects which include studying the social and criminal problems in Arab society, developing the proper protection plans and the methods of treatment, conducting theoretical and field research in the sphere of crime control and security, conducting research on social welfare and on correction, conducting reform and penal studies, proposing plans to prevent crime repetition, holding specialized scientific seminars pertaining to the center's activities, advancing technical and scientific aid pertaining to the broad spheres of security, providing technical and administrative training for workers in the Arab police and security agencies, preparing trained specialists in the sphere of planning, formulating training curricula and programs and developing methods of training. The center also organizes study and scientific seminars to discuss matters within the center's area of specialization and pertaining to its activities. It also organizes fairs with effective contributions from the major international firms turning out sophisticated technological security products so as to introduce the latest scientific and technological methods to the Arab security agencies. The center also publishes studies and research connected with its activities and encourages the writing and translating of such studies.

Research Activity

The center's research sector is interested in conducting field studies in social sciences pertaining to the mainstays of Arab society and to the problems experienced by this society in order to lay the foundations on which to build social policies that are designed to realize the prosperity of Arab societies. It is also interested in conducting field and theoretical studies in the criminal and security spheres and in training researchers for this purpose. The center has drawn up a working plan for this sector within the framework of the center's general objectives which include the following issues:

1. The impact of modern technology on Arab society.
2. The impact of labor immigration and its ramifications on security and in terms of new types of crime.
3. Juvenile delinquency and violent crime.
4. The problems accompanying urban and construction development.
5. The security problems accompanying industrialization and the transformation from a simple society to a complex industrial society.

Training Activity

Conducting training courses is one of the activities to which the center devotes its main attention. Through these courses, the Arab security men receive various applied and theoretical scientific studies and preparation and training in the technical spheres relevant to their specializations so

as to develop security manpower in a completely scientific and practical manner that includes all levels up to the top command levels, and each level within its field of specialization. The major objectives of conducting these courses are to develop the social, human and professional skills of the Arab security men, to enhance their performance of their social and humanitarian role in Arab society and to enable them to keep pace with the human and technological skills and to be familiar with all that is new and innovative in the sphere of protecting public security. Moreover, there are numerous other positive aspects in conducting such courses, including the exchange of expertise and information and the development of relations and bonds between the Arab security men in the various Arab countries.

Specialized Scientific Seminars

Holding specialized scientific security seminars is one of the activities undertaken by the Arab Center for Security Studies and Training. The center devotes special attention to this activity and its annual activity program must contain a number of seminars to discuss the security developments that accompany the changes in society and other issues connected with the various spheres of security so as to create a qualitative climate that makes it possible to achieve their goals in the most desirable manner. The materials for these seminars are prepared by a number of expert lecturers who are specialists in the topics offered by the center--topics deemed compatible with the center's objectives and tasks. A number of people concerned are invited from the Arab countries to attend and participate in discussions of these seminars.

Organizing and Setting Up Fairs

Fairs have an effective role in the process of educating and expanding the intellectual sphere and imagination of the individual. The center has devoted part of its attention to organizing specialized fairs with the aim of serving those working in the Arab security agencies by presenting to them the latest scientific and technological inventions of the security equipment and systems industry. This is done with the participation of the major international firms specialized in this sphere. These firms take part in these fairs and offer live demonstrations of the use of their products.

Library

The pioneer role performed by the center dictates that it create a library that acts as a nucleus, a starting point and a reference for its study and research activities. The center officials are inclined to prepare a directory for the Arab experts and researchers and to establish a documentation center using a computer to store all the research and activities carried out in the sphere of crime control. This is in addition to establishing a specialized library at the center premises and bolstering this library with the books and studies in various languages connected with the center's activities. Completing the library includes binding the unbound volumes and making the arrangements for loaning books.

Security Data Center

The security data center or bank is one of the most important programs to which the center is devoting special attention because of this bank's effective role in supplying and disseminating data concerning the security of Arab societies. The data bank exerts efforts to store information on the capabilities and resources available at present in the Arab countries in the spheres of criminal justice, crime control and social welfare. The bank also stores information on the sources of financing, training, modern technology, outcome of scientific studies, recommendations issued by conferences and seminars and other similar information. Furthermore, the bank stores information on Arab criminal legislation and laws, on the training and education centers and on the experts who are specialists in the said spheres. The data bank will prepare itself to make this information available as soon as is requested by the Arab countries. The center will also employ the help of this and other data to offer expertise and technical assistance.

8494

CSO: 4404/54

EFFORTS TO COMBAT ISSUANCE OF BAD CHECKS REVIEWED

Riyadh AL-JAZIRAH in Arabic 15 Oct 84 p 17

[Article: "Dr al-Zamil to AL-JAZIRAH: Penalties Have Reduced Issuance of Bad Checks and Drafts with Power of Check"]

[Text] Dr 'Abd-al-Rahman al-Zamil, the undersecretary of the Ministry of Commerce, asserted that those who deal in rubber checks will continue to be pursued.

He also said that those who violate the law will end up in jail and that paying the sums they owe may not exempt them from imprisonment, especially those who repeatedly issue rubber checks.

He added that the Ministry of Commerce will continue to implement the penalties until this phenomenon is eliminated.

As for the possibility that some of those victimized may abandon their demand of their financial rights for fear of protracted procedures, Dr 'Abd-al-Rahman al-Zamil said that the procedures for suing any person or establishment are easy and take a short time so as to preserve the rights of all the parties concerned.

He said that the defendant must attend the first court session. If he fails, he is given a chance to attend a second session. If he fails again, then this proves his violation. Consequently, a sentence is issued against him and this sentence is referred to the governor's office and then to the police to implement it.

Dr al-Zamil asserted that firmness in implementing the penalties and in pursuing the violators has already produced its positive fruits.

He said that in the past some cases amounted in value to hundreds of millions of dollars and that now the cases have begun to diminish in number and that the figures are becoming smaller.

He said that the penalties illustrated by the statistics confirm that the figures have diminished. The 800 cases in the past 5 months involve sums of no less than 500 billion [as published] for which prison sentences were issued against 250 people, in addition to stipulations of repayment.

The above was stated by Dr 'Abd-al-Rahman al-Zamil, the undersecretary of commerce, in commenting on what AL-JAZIRAH had published in its economic page yesterday and in commenting on the comprehensive report on the number of cases presented to the securities committees in Riyadh, Jiddah and al-Dammam. His excellency said:

One of the most important economic issues is the issue concerning checks and securities because of its impact on the national economy by virtue of their being instruments of credit, since a check is equal in value to money. If the check loses its value, this will undoubtedly create a crisis in the country's economy. Proceeding on this basis, the ministry is concerned with pursuing all those who deal with rubber checks. The ministry spares no effort in bolstering the check's economic value and whatever is capable of establishing respect for the check and for transactions in checks and of having the check honored and paid on the date agreed upon. Regrettably, there is a group of citizens who take checks lightly. A large number of these citizens empower representatives, be they Saudis or non-Saudis, to sign their personal checks. This first case is considered less damaging than the second case where checks are misused. Such misuse leads some people to the abyss. The ministry is encountering numerous such cases. The person accountable is the check owner and he, not the person signing the check, is sued because the party that concerns us is the third party which must be protected. The plaintiff knows the business owner or the person in whose name the check is issued. Therefore, the citizens must be careful and cautious regarding those they empower to sign their checks. It is also noticed from the statistics published yesterday that there have been 800 cases in 5 months involving sums of no less than 500 billion and that no less than 250 prison sentences have been issued. Moreover, there are those who are required to pay the sums they owe and who have not been exempted from their prison terms, especially those who have issued rubber checks repeatedly. The ministry is serious in this regard in all parts of the kingdom. The results of the ministry followup have begun to surface. Some cases amounted in value to hundreds of millions of dollars in the past whereas the cases have begun to decrease in number and the sums have begun to diminish in value. This is indubitably due to the awareness of some citizens. The reason for the numerous cases in the past was the fact that some people became accustomed to issuing postdated checks. This is wrong, even though some people expect to be able to secure the sum required during the delayed period. Regrettably, postdated checks are exploited by many people, especially some foreigners. This embroils some business owners. Moreover, the person who accepts the check may often find himself with nothing but a citizen destined to be jailed. But he cannot find his goods or that for which a postdated check has been paid. The citizen must be careful in accepting any postdated check because this means that the check issuer is incapable of payment at the time agreed upon. We hope that the ministry will persist in this course until this phenomenon is eliminated. These actions do not, of course, result in trouble [as published] for the plaintiff because when a person sues, the defendant is ordered to appear before the court.

Sentence Within 2 Weeks

The first and second court sessions are often held within 2 weeks and a sentence is then issued. If the defendant does not attend the first or second session, then this means that he has committed a violation and that he does not observe the law. The sentence is issued and then referred to the governor's office and then to the police to implement it. There is cooperation between the governorates and the ministry in implementing the sentences.

Citizen Surprised with Repayment of 4 Million

Citing an example of what has been happening, al-Zamil said: "I recall the case of a citizen who was fronting for a resident who had a contracting company. This citizen worked in a private-sector firm. One day, he was surprised to find the police in front of his house and to find out that he was required to pay 4 million riyals for checks issued by his establishment without his knowledge. This citizen could not believe the situation but it then became evident that individual's working in his name had issued the checks. This citizen was compelled to sell his house and his assets to repay at least part of the sum demanded. This is only one simple example. This is why I repeat the ministry's warning to citizens not to empower others to sign their checks. It is better for a person who does not have time to sign a check to stay home and not get involved in such matters."

Bank Required To Pay

As for cashing postdated checks, his excellency asserted that the banks cannot hesitate in cashing a postdated check even if the bearer demands payment ahead of time. The bank is required to cash the check, regardless of the date, because a check is payable immediately upon reaching the bank. All banks know this. This is why the issuer of a postdated check must be careful with such transactions and careful in his reliance on drafts or bonds which have the power of a check but which are not payable until their maturity date. Therefore, the check must be protected so that it may not lose its value and so that confidence in check transactions may be maintained.

8494

CSO: 4404/54

SAUDI ARABIA

INVESTMENT EXPERT NOMINATED TO UN INVESTMENT EXPERTS COMMITTEE

London AL-SHARQ AL-AWSAT in Arabic 24 Oct 84 p 5

[Interview with Ahmad 'Abd-al-Latif, deputy governor of the Monetary Organization: "Interview with First Saudi Expert Nominated to Membership of UN Investment Experts Committee; World Recognition of Saudi Expertise in Field of Investment; Some Foreign Banks Have Not Considered Saudi Citizen's Interest"; in Jiddah, date not specified]

[Text] Jiddah--Ahmad 'Abd-al-Latif is 48 years old and has served in the government banking apparatus since his graduation in 1377 of the Heigra, i.e., nearly 27 years ago. He has spent most of these years in the Saudi Monetary Organization.. He currently holds the post of deputy governor of the Monetary Organization and is an appointed member of the Riyadh Bank Board of Directors, in addition to several posts in the banking field. He is considered an investment affairs expert and has helped in planning and implementing Saudi Arabia's foreign investment programs in the various world markets.

He has gained the admiration of the international financial and banking establishments for the manner in which he has implemented the investment programs and bolstered the kingdom's banking relations with the outside world. This is not surprising because his long career in the Currency Establishment has enabled him to gain broad experience. He is the first director of control over the Saudi banks, having taken part in drawing up the bank control law. He has also been head of the Foreign Directorate of the Monetary Organization and founded the accounting clearinghouse for the banks. AL-SHARQ AL-AWSAT conducted the following interview with Ahmad 'Abd-al-Latif:

[Question] You were a member of the Saudi delegation which represented the kingdom in the recent IMF meetings in Washington. What are your impressions of this year's meeting?

[Answer] I joined the delegation as a representative of the Bank of Riyadh. The kingdom's presence this year was prominent and interesting, considering that a good select group of the chairmen of the boards of directors of the Saudi banks attended this meeting. The topics discussed at this meeting were numerous, including financial support for the IMF so that it may be able to assist the member countries, particularly the Third World countries, that are experiencing a deficit in their balance of payment and problems with their debts. The topics also included increased special drawing rights, the

international interest rate prices, the dollar exchange price and other issues. The conclusion reached through these meetings is that the economic interests of countries, especially the major powers, may impede further cooperation between the industrial countries and the developing countries. The only long-range solution to this problem is to reshape the IMF's voting power and the World Bank to reflect the true international role of these two institutions. This is the goal currently sought by most of the developing countries.

Long Experience

[Question] It is well known that you have been attending the IMF meetings since 1963, i.e., for 23 years. How did this come about?

[Answer] I have been actually attending the IMF meetings for a long time, but intermittently. The first meeting I attended was in 1963, in fact. The kingdom's delegation was formed at the time by two members, the late 'Abid Shaykh in his capacity as the deputy governor of the Currency Establishment and another member representing the Ministry of Finance. I was training at the time at the IMF and was asked by 'Abid Shaykh to join as a third member to gain experience.

Task of UN Investment Experts Committee

[Question] How were you nominated to the membership of the UN Investment Experts Committee in New York?

[Answer] The United Nations and the international organizations under its control have monies which they invest in all parts of the world. These monies consist primarily of savings and sums belonging to the UN Employees Pension Fund--sums amounting to billions of dollars. The investment policy for these funds is supervised by a committee of UN experts not exceeding 10 in number who meet 4 times a year and whose task is to advise the UN officials as to the safest way to invest these funds, the ideal method to distribute and diversify these investments, the secure markets where investment is preferred and the currency and the interest rates into which these investments must be translated as well as advice pertaining to other matters.

First Arab On Investment Committee

[Question] Are you the first Arab on this committee?

[Answer] It is a source of pride for me to be the first Arab member. It is also a source of pride for me as a Saudi citizen that membership on this committee has nothing to do with the post the candidate holds in his country. This nomination was thus an open recognition by UN officials of the experience we have gained in a sphere that is new to most developing countries. The truth is that I am happy with the seconding of this nomination by Prince Sa'ud al-Faysal, the minister of foreign affairs, and Shaykh Muhammad Aba al-Khayl, the minister of finance. All this has been crowned with the approval of King Fahd ibn 'Abd-al-'Aziz.

New Experience

[Question] How do you see your contribution to this committee's activities?

[Answer] My contribution will, God willing, rise to the level of the royal trust. Therefore, I feel the burden and the heavy responsibility and I hope I will be able to contribute with all my knowledge and experience in the sphere of investment. This will not be easy because the world is going through a critical economic and financial phase. The problems are numerous, the economic climate is vacillating and the interests are conflicting. We see all this crystallized in the interest rates, in the debt volume and in the currency prices that fluctuate every moment. Offering advice under these circumstances requires deliberation. The other experts are internationally famous and hold a prominent status. Therefore, I look forward to benefitting from their expertise.

Our Banks Are Part of National Wealth

[Question] Let us turn to the banks in the kingdom. What is your opinion of their current position?

[Answer] The kingdom's banking sector is firm, strong and profitable. Therefore, there should be no concern whatsoever over it. Our banks are concerned with offering all services to the consumer and we have not been afflicted with an uncontrollable number of banks, as has been the case in some other countries. This is a major advantage. Our banking traditions are a half-century old. With the completion of Saudization plans in recent years, our banks have become an indivisible part of the national wealth. The Saudi banks have, in my opinion, performed their role in serving the country. Take the Bank of Riyadh and the National Commercial Bank as examples and you will find that they contributed to numerous agricultural and industrial projects before the Agricultural Banks and the Industrial Development Fund came into existence. This is an indication that our country's commercial banks are aware that they have a much bigger duty than similar banks in the industrial countries. The Saudi banks have passed through the phase of establishing the bases and of quantitative expansion. They are now going through the phase of qualitative expansion. The consumer wants better and faster services and wants an international presence. The Saudi businessman is now tied to the outside world by numerous interests and he wants to achieve prominence and to enhance his country's weight in this outside world.

Saudi Economy Is Stable

[Question] Some foreign news papers have recently published articles noting some of the financial difficulties encountered by a number of private sector's institutions. What is your opinion of what has been written?

[Answer] Some foreign news papers contain unfair slanders and defamations and the hostility of others to our cultural march is well known. The fact that one or two Saudi private-sector institutions are facing financial difficulties should not provide news for such provocative reporting, especially for those who are familiar with the world economic situation and with

the course which the countries with free economic systems follow. In the United States, thousands of firms and banks close down each year and nobody resorts to slander and defamation. The same applies to Europe. We have the duty to explore the causes so as to learn the lessons. The real causes for the faltering of some private-sector institutions lie in unstudied expansion and in glaring mismanagement. I personally blame the foreign banks for the condition reached by these individual institutions because the banks encouraged them to borrow without reservation and gave them a much bigger role than their real and natural role. The banks considered their material interests and, very regrettably, failed to consider the citizen's interest. I hope that this will give the banks and give us a lesson at the same time.

Importance of Comprehensive Viewpoint

[Question] A final question: you hold in the banking field the position of a member of the Board of Directors of the Arab Investment Insurance Establishment in Kuwait, member of the Gulf International Bank in Bahrain and chairman of the Board of Directors of the Saudi-Spanish Bank in Madrid. Does not this weaken your contribution and production?

[Answer] It is fortunate that membership in boards of directors does not require regular work hours nowadays. All it takes is a meeting every 3 or 4 months. As for this membership weakening my production, the opposite is true because a comprehensive view in the banking field is required. If a banker or an investor is closely aware of what is going on in the Gulf, in Europe and in other parts of the world, this comprehensive view enables him to translate financial developments accurately. The world is interconnected nowadays and each part of it affects and is affected by the other parts.

8494

CSO: 4404/54

DEFENSE MINISTER DISCUSSES LEBANON, MILITARY, IRAQ-IRAN WAR

London AL-SAYYAD in Arabic No 2081, 19-25 Sep 84 pp 26-27

/Interview with Gen Mustafa Talas, minister of defense, by Niqula Sayqali:
"Syrian Minister of Defense to AL-SAYYAD: We Spend Three-quarters of Our Time on Lebanese Crisis"/

/Text/ Damascus--Gen Mustafa Talas said in his interview with AL-SAYYAD that one hand cannot clap and that what Damascus needs for its efforts to be complete and to bring salvation to Lebanon as a country whose territories and people are united and as a free and independent country are the unity and solidarity of all the Lebanese. Lebanon will then regain its bloom and its efficiency. When all the Lebanese act in solidarity and unite against the Israeli occupation, Israel will find no alternative to departing. Moreover, when the Lebanese develop goodwill toward each other and stop dividing the cheese block, reconciliation and the desired reforms will be achieved. We do not covet a single grain of Lebanon's soil and our continued military presence in Lebanon is out of the question. Moreover, what is being said about Syrian domination of the Lebanese regime is nonsense and a pure fabrication.

He speaks with utter confidence, his pride is tempered by modesty and his obvious courage conceals behind it a most tender heart. In addition to his extraordinary brilliance in military strategy, he is a poet, a writer and an amateur photographer. He is also working with a number of Arab and foreign specialists to compile a botanical encyclopedia.

He is Gen Mustafa Talas, the Syrian deputy general commander of the army and armed forces, the deputy prime minister and the minister of defense.

AL-SAYYAD interviewed him in two sessions, the first at his office at the Chief of Staff Headquarters where he revealed to us the speical news about removing roadblocks and guards from the residences of the officials and opening the streets that had been blocked to the citizens as a result of these guards. A number of streets had been closed because of the presence of security roadblocks and guards.

We have actually found out that these streets which had been closed to all means of transportation for 10 years have now been opened.

The second session was at General Talas's residence where the interview lasted for a long time and was enjoyable.

The first question was, of course, on the situation in Lebanon, especially in the wake of the faltering mountain security plan despite ceaseless Syrian efforts to resolve the security issue in Lebanon. In reply, General Talas said:

Do you know that the Syrian leadership is now spending three-quarters of its time on solving the Lebanese crisis?

We want to end this crisis and to close the Lebanese dossier as soon as possible. This is what President Hafiz al-Asad has actually instructed.

Let the Lebanese know that we do not covet a single grain of Lebanon's soil and that our continued military presence in Lebanese territory is out of the question. Moreover, what is being said about the Syrian domination of the Lebanese regime is nonsense and a pure fabrication.

We are working with all our strength and putting our weight behind the regime in Lebanon to unite the country, to achieve national concord, to implement the reforms contained in the statement of the national unity government and to devote serious efforts to ending the Israeli occupation.

/Question/ But, general, don't you think that you have been late in exerting this serious effort? Why didn't you throw your weight on the scales a while earlier?

/Answer/ Our strategy in Lebanon has not changed at all since our armed forces entered this fraternal country at the request of its officials.

This strategy is founded on the principle that there is no vanquished and no victor. You recall, of course, that we hit the National Movement when it was about to overturn this strategy. You also recall, of course, the famous speech by President Hafiz al-Asad.

We do not support one faction against another. We support all the Lebanese factions equally. Even those factions casting suspicions on our intentions must ultimately realize the true nature of our tendencies.

/Question/ It is well known that Syria is not alone in the Lebanese arena. There is Israel. You want to close the Lebanese dossier. But will Israel leave you alone? Isn't Israel the party obstructing the mountain security plan and has it not warned you against opening the coastal highway from al-Madfun to al-Awwali?

/Answer/ What is true is that a single hand cannot clap. What we need for our efforts to be complete and to produce salvation for Lebanon as a country with united people and territory and as a free and independent country are the solidarity and unity of all the Lebanese. Lebanon will then regain its bloom, effectiveness and role.

Believe, me, when the Lebanese act in solidarity and unite against the Israeli occupation, Israel will find no alternative to departing. When the Lebanese develop goodwill toward each other and stop dividing the cheese block, the desired concord and reforms will be achieved.

Israel is very much worried by the big losses it is incurring at the hands of the national resistance in South Lebanon. Therefore, its withdrawal from the south is inevitable, but only after Israel finds something to save its face. It has withdrawn from the mountain because it felt that its forces were thinly spread.

The national resistance's blows against Israel in the south are a very great thing. I would not be exaggerating if I said that we are learning revolutionary lessons from the southerners.

There is no doubt that the Algerian revolution taught us a great many lessons. But the national resistance's revolution in the south is teaching us new lessons that are more suitable and sharper.

Think of it. A single Lebanese act of retaliation killed hundreds of marines at once. Another act of retaliation killed tens of Frenchmen in one attack. A third act killed tens of Israelis in a single attack. Isn't this sufficiently terrifying?

/Question/ Do you encourage the foundation of a strong army in a united and fused Lebanon or do you favor the formation of brigades with a sectarian character, as is the case at present?

/Answer/ We support a strong Lebanese Army totally fused in the cedar's crucible under the Lebanese flag. As for the sectarian brigades, they are unacceptable. When will Lebanon get rid of the word "sectarianism"?

Listen to this incident which occurred with me personally. Its protagonist was the late Sa'id Furayhah.

Sa'id Furayhah was my friend for 25 years. One night before he died, we were spending the evening together at 'Abd-al-Rahman Khulayfawi's residence.

After his death, I read numerous reports about mass services and funerals held for him in churches. I was extremely surprised and I asked a Lebanese brother: is it that because the president of the republic in Lebanon is Christian, mass services are conducted for deceased prominent figures in the churches?

My interlocuter was amazed and said: what is this strange question? Where do you want them to pray for the rest of Sa'id Furayhah's soul? I then asked him: where do they pray for the souls of the Muslims? He answered: in the mosques, of course. But Sa'id Furayhah was a Christian and prayers are conducted for him in the churches.

Imagine that for 25 years I did not know what Sa'id Furayhah's religion or sect was. It is enough for him that he was for all of Lebanon, and for all the

Arabs. Why don't all the Lebanese follow Sa'id Furayhah's example and be for Lebanon? Didn't 'Umar ibn al-Khattab ask the Taghlub tribes, which were Christian tribes, to fight with the Muslim army against the Persians? When the just caliph was asked why he made such a request, he answered: Who is more entitled to fight with us against the Persians than our cousins?

Yes, we want a strong Lebanese Army because it will be the backup for the Syrian Army.

I would not be exaggerating if I said that the Syrian Army and a strong Lebanese Army are capable of liberating the Arab soil, regardless of whether the other Arabs help us or not.

(A messenger enters the office carrying the general's urgent mail. The mail brought the news of the tragedy of the helicopter crash in which Maj Gen Nadim al-Hakim, the Lebanese chief of staff; Col Nahra al-Shaluhi, the 7th Brigade commander; and six other officers were killed. The mail also carried statements and comments and, in particular, a report from Israel saying that Maj Gen Nadim al-Hakim was a Druze.)

General Talas said: do you see how Israel classifies people and how it deals with them? He went on to add: the fact is that this is a tragedy that has afflicted the army. But it may be a new baptism of blood that fuses and unites the army. I personally know that area well and I prefer to travel by car for 5 extra hours than to fly in a helicopter. The area is usually blanketed by thick fog and visibility there is nil.

/Question/ You in Syria are working to establish a strategic balance with Israel. Where have you reached in this regard? Do you think that Israel will permit you to achieve this balance, considering that we know it follows the policy of Pre-emptive strikes"?

/Answer/ We are much stronger now than we were in 1982. We possess sophisticated weapons that can reach the heartland of Israel. The United States showers the enemy with a lot of sophisticated weapons, and from its own arsenal when necessary. It arms Israel on the basis of making the latter stronger than all the Arabs combined.

Our strategy relies on inflicting the heaviest human losses on the enemy ranks. This is what we can do powerfully at present. Any pre-emptive strike, as you say, will not be tantamount to a military picnic this time. Rather, Israel will pay an exorbitant price in losses. This is something that the enemy fears and which he tries to avoid.

/Question/ The national resistance in South Lebanon is teaching you and the Arabs new lessons. But will this resistance, which is no more than guerrilla warfare, actually bring about liberation?

/Answer/ Why not? This resistance may escalate to become a conventional war. Our strategy calls for continuing the war against Israel. We must continue to

fight Israel and to fight it in conventional battles. It is not important if we lose some territory. Continued war against Israel creates the spirit of revolution among the Arab people and makes them hate Israel even more. The continued infliction of heavy human losses on the enemy ranks will cause the Jewish state to collapse from within.

/Question/ It is said that the sophisticated Soviet missile batteries are under Soviet command and that you are not entitled even to enter the sites of these batteries and...?

/Answer/ (Interrupting, Talas said:) This is not true at all. I personally signed the agreement in Moscow and this agreement stipulates that these bases be placed under the control of the commander, President Hafiz al-Asad. In case he is absent, they are under my command. In case we are both absent, they are under the commander of the chief of staff. Let this be known, and I say this for the first time so as to refute all the allegations.

/Question/ The Iraq-Iran war has gone on for too long, alternating between attack and retreat. Since last March, the Iranians have been talking about a major offensive that has not materialized so far. In your view, why has his offensive been delayed and will it achieve its ends if it is launched?

/Answer/ The Iraq-Iran war was created by the United States. The continued fighting prevents the Iraqi Army from being present on the eastern front against Israel. It also prevents Iran from helping in the liberation of Jerusalem.

As for the expected Iranian offensive, I do not know its particulars and I am not familiar with Iranian strategy. As to what the outcome of the offensive will be in case it is launched, I will not answer this question.

/Question/ You said that Caliph 'Umar ibn al-Khattab asked the Christian tribes of Bani Taghlab to take part with the Muslim Army in fighting the Persians because the Muslims and these tribes were cousins. But now I find that Arab Syria stands with Iran against Arab Iraq. Isn't there an evident contradiction in this?

/Answer/ You may see it so outwardly. But the truth is quite the opposite. The shah's regime was very much the Gulf policeman and that regime's transactions with Israel were obvious and open.

The Iranian revolution, regardless of what you think of it, has changed the concepts and has turned Iran into a country hostile to Israel. Isn't this a gain for the Arabs?

This is why imperialism has schemed to weaken the two powers that could stand with Syria in any future war against Israel.

/Question/ But Israel supplies Iran with spare military parts and ...?

/Answer/ Yes, there has been a single transaction with a value of no more than \$25 million. This transaction was concluded through a third party, an Argentine party. But when Khomeyni became aware of the true nature of this transaction, he ordered its termination.

/Question/ The United States, rather some U.S. firms, also supply Iran with weapons.

/Answer/ The black market arms trade is a very flourishing trade these days. Anybody can get the weapons it needs with utter ease through this market.

/Question/ I believe that Syria must have a role in putting an end to this drain. What, in your opinion, is this role?

/Answer/ From the outset, President Hafiz al-Asad moved to stop this war that is destructive to both sides. But Iraq believed at the time that any Arab intervening to stop this war was a traitor.

However, we have exerted mediation efforts with Iran, at the request of some Arabas, not to expand the scope of the fighting and include the entire Gulf area. We have succeeded in this so far.

There is a unity agreement between Syria and Iraq. Let Iraq declare its adherence to this agreement and the war will come to an immediate end because Iran cannot fight Syria and Iraq combined.

/Question/ What will your position be if Shimon Peres's government initiates a dialogue with King Husayn, especially since Yasir 'Arafat has declared his approval of the confederal union with Jordan?

/Answer/ We will overturn the table because we will not enable anybody to confiscate the pan-Arab decision. As for the confederal union for which 'ARafat has declared his approval, you are undoubtedly aware that the Pales-
tinian brothers are not in agreement, not even over 'Arafat's leadership of the PLO or over the proposed meeting in Algiers.

What is important to us is that we will not allow anybody to get an independent solution at the expense of the cause as a whole.

/Question/ We asked the general about the clamor rising in the wake of his announcement of the incorporation of the Defense Companies into the army, and he answered.

/Answer/ The Syrian Army with all its brigades, platoons and companies gets its orders from a single person, namely President Hafiz al-Asad, the commander. Let this be fully known and understood.

8494

CSO: 4404/13

OIL, GAS COMMISSION PLANS TO STEP UP EXPLORATION

Madras THE HINDU in English 25 Oct 84 p 10

[Text]

NEW DELHI, Oct. 24.

The Oil and Natural Gas Commission (ONGC) has planned a massive step-up in its activities with the allocation for survey and exploratory drilling expected to rise more than two-fold from Rs. 1,487.15 crores in the Sixth Plan to Rs. 3,595 crores in the Seventh.

The programme envisages 107 party-years of geological and gravity magnetic surveys and 248 party-years of seismic work in interior and onshore sectors of coastal basins besides 1.4-lakh line kilometres of offshore seismic surveys, the ONGC Chairman, Col. S. P. Wahi, told newsmen. (A party-year, similar to man-year, denotes the time targeted for each of the field parties). About 3,065 million metres of exploratory drilling in onshore and offshore areas has also been proposed.

These exploratory efforts are expected to augment the geological reserves of oil by about 980 million tonnes during the 'Plan period, leading to an increase in the annual rate of production from the present 23.1 million tonnes to 36.93 million tonnes by 1990.

Cauvery, Godavari basins: Col. Wahi said substantial activities were proposed in category II basins which were hydrocarbon-bearing but not yet commercial and in category III basins which were not yet known to have hydrocarbons.

These included the Krishna-Godavari, the Cauvery, the Andamans, Rajasthan, Himalayan Foothills, Assam-Arakan fold belt, Bengal, Saurashtra-Kutch, Kerala, Lakshadweep and the Mahanadi basins. The thrust in these basins was expected to compensate for slow accretion of reserves in category I basins which were now engaged in commercial production of oil and natural gas.

Poor response: Col. Wahi denied that the ONGC was offering only difficult basins for exploration to foreign parties, retaining the best ones for itself and that this had led to poor response from foreign firms and slow pace of work by the ONGC. Observing that the ONGC was ready to be partners with any foreign party in exploration, he said it would not make such an offer if oil prospects were poor in the areas offered.

The Seventh Plan strategy involved proportionate deployment of exploration inputs so as to increase the reserves from the relatively larger size finds which had not been adequately explored so far, and discovering a number of

smaller fields in those basins.

Col. Wahi claimed that self-sufficiency in oil and natural gas had now become an achievable goal. The demand for petroleum products was 32.26 million tonnes in 1980-81 while the ONGC production stood at 9.2 million tonnes. Since then the gap had narrowed down substantially and by 1983-84, the demand rose 1.15 times while the ONGC production rose by 2½ times.

The current year's demand was estimated at 39 million tonnes, of which the ONGC would supply 27 million tonnes and the Oil India Limited, 3 million tonnes—77 per cent of the demand being met from indigenous production. As against a target of 12,451 million tonnes during the first six months of the current financial year, the actual production was 12,468 million tonnes. The target for crude oil production for 1984-85 has been set at 26.6 million tonnes.

LPG production: The production of liquefied petroleum gas (LPG)—cooking gas—for the first six months of the financial year was 1,04,100 tonnes against a target of 93,500 tonnes. Natural gas supplied during the first half of the year was 1,256 million cubic metres, against a target of 1,243 cubic metres.

During the first six months of the year, 17 new structures—12 onshore and five offshore—were taken up for exploratory drilling. Three home-made rigs commissioned and 99 wells drilled.

Col. Wahi attributed this to the organisational development consciously undertaken since 1981, which included SWOT (strength, weakness, opportunities and threats) analysis, resulting in the preparation of a 20-year conceptual plan and the restructuring of the organisation on the basis of business groups.

He denied that there were differences within the Commission on restructuring of the organisation. Dr. Malhotra, Member (Exploration), who was present, explained that he had suggested an alternative model, which led to reports that he was opposed to the adopted model.

Mr. R. Srinivasan, Member (Personnel), said that the reorganisation, effected after consulting the employees at different levels, was necessary to get the optimum results from the manpower and material resources. The number of employees had risen to 38,000 and by 1990 it was expected to rise to 60,000.

CORRESPONDENT SUMS UP PROSPECTS OF INDIAN ECONOMY

Bombay THE TIMES OF INDIA in English 24 Oct 84 pp 1, 6

[Article by G. D. Gupte]

[Text] BOMBAY, October 23--ON the eve of the new Samvat Year 2041, the prospects of the Indian economy can be considered good. The favourable monsoon for two consecutive years has already had a positive impact on the country's economic trends. What is more, the trend is expected to continue in the coming year.

With a bumper kharif crop and an average rabi crop in the current season, the total foodgrains production in 1984-85 is expected to touch a record level of 154 million tonnes, thus touching the level of 153.6 million tonnes set for the Sixth Plan, against 151 million tonnes in 1983-84 and 128.4 million tonnes in 1982-83.

While the production of rice, wheat and coarse grains has risen substantially in the recent years, the production of pulses has remained stagnant at around 12 million tonnes in the past decade. As a result, prices of pulses have shot up, particularly in the past few years. Since pulses form a major source of protein for the low income groups of the population, efforts need to be made to increase the production of pulses in the country.

The production of oilseeds in the 1983-84 season (November-October) is placed at 125 lakh tonnes. In the current 1984-85 kharif season, the groundnut crop is expected to be maintained at the previous season's level of 65 lakh tonnes. Although it is difficult to estimate at this stage about the rabi crop of other oilseeds, the total production in 1984-85 is expected to be maintained at the previous season's level of 125 lakh tonnes.

Oilseeds occupy a prominent position among the farm commodities in India and constitute 13 per cent of the general wholesale price index. Being an important source of calories, oilseeds have an added significance to the country having large sections of the population as poor and having low per capita consumption of fats and oils. Although India has been one of the major producers of oilseeds in the world, its share in the total oilseeds trade has declined over the years.

The country's requirement of edible oils is placed at 45 lakh tonnes, while the supply has been around 34 lakh tonnes. The country has been importing large quantities of edible oils for the past several years, and spending about Rs. 500 crores to Rs. 700 crores every year in foreign exchange. Imports in 1983-84 were of the order of 9 lakh tonnes. Since the demand for edible oils has been rising ever year, with the increase in population and improvement in the standard of living of people, imports of the order of 13 to 14 lakh tonnes of edible oils may have to be resorted to this year. To avoid massive imports of edible oils year after year, it is necessary to undertake a crash programme for increasing the production of edible oils in the country.

While foodgrains prices in the current financial year so far have remained more or less stable, edible oil prices have shown a steep rise. Efforts are being made to keep edible oil prices under check by resorting to massive imports and distribution of oils through the public distribution system (PDS) as also to the vanaspati industry for feeding that market. The vanaspati industry has been provided 95 per cent of its requirements of oil at concessional rates for the past two months. During October, 1984, the government has pumped into the PDS nearly 87,000 tonnes of edible oils and supplied 95,000 tonnes of oil to the vanaspati industry.

Sugar Output

Sugar production has shown very wide fluctuations in the past few years. The production of sugar in the 1983-84 season (October-September) is placed at 59 lakh tonnes against 82.32 lakh tonnes in the 1982-83 season. The outlook for the current 1984-85 season does not look promising and sugar production is expected to be around 60 lakh tonnes. Owing to drought conditions, production in Maharashtra, which produces about 35 per cent of the country's sugar, is expected to be lower at 16 lakh tonnes in the 1984-85 season against 20 lakh tonnes in the 1983-84 season and the record level of 30 lakh tonnes in the 1982-83 season. With a carryover stock of 21 lakh tonnes at the beginning of the current season, total supplies are placed at 81 lakh tonnes. Consumption in the 1984-85 season is projected at 82 lakh tonnes against 78 tonnes in the 1983-84 season and 65 lakh tonnes in the 1982-83 season. If consumption is to be maintained at such a high level in a season when total sugar production is expected to be around 60 lakh tonnes, imports of at least 10 lakh tonnes might become necessary.

Sugar prices have been maintained mainly owing to liberal monthly releases of sugar by the government during the year. For October, 1984, a record release of 7.48 lakh tonnes has been made. Such a large release seems to have been resorted to partly to take care of the festival demand and partly to keep the prices under control on the eve of the general election. However, the level of consumption, which has been pushed up by liberal monthly releases, will have to be brought down in the current season. Monthly releases will have to be used effectively to maintain consumption at a level of around 70 lakh tonnes for the entire season.

Scarcity in Cotton

The Cotton Advisory Board has placed the cotton crop in the current 1984-85 season (September-August) at 79.80 lakh bales of 170 kg. each against 77 lakh bales in the 1983-84 season. With a carryover stock of 12.29 lakh bales, the total supplies will be 92.09 lakh bales. The consumption by the textile industry is estimated at 82 lakh bales and consumption by other sectors at 4.65 lakh bales. Thus the carryover at the end of the current season will be only around 5.44 lakh bales. In such a situation, exports of staple cotton are virtually ruled out in the current season, although small quantities of Bengal Deshi cotton could be permitted to be exported. Perhaps the country might have to import some quantity of cotton this season.

Imports of cotton from Pakistan may not be possible this year, since there are reports of a shortfall in production in that country also owing to the pest problem. India thus may have to import cotton from Egypt, Sudan or the U.S.A.

In this context, some rethinking on the multi-fibre policy might become necessary. Synthetic and blended fabrics have become quite popular in many countries, including the developed and the developing countries. No doubt, the authorities have realised the need for encouraging large scale manufacture of synthetic and blended fabrics. To this end, the duty structure has been modified to some extent in the last Union budget. This process needs to be continued and the tax structure on synthetic fibres and synthetic and blended fabrics suitably modified to encourage larger production and consumption of these commodities.

Industrial Growth

With the expected improvement in the power sector and pick-up in activity in several sectors of industry, coupled with the impact of record agricultural output of the previous year, industrial growth in 1984-85 is expected to be higher than the 1983-84 level of 5.4 per cent.

During April-July 1984 period, the industrial production index has recorded a rise of 8.4 per cent against the net rise of only 3.5 per cent in the same period of 1983-84. This trend has continued in the subsequent months. During April-July 1984, the production of fertilisers has risen by 19 per cent, of cement by 14.7 per cent, of saleable steel by 7.6 per cent and of power by 15 per cent. The improvement in power generation is attributed to higher hydal power generation following favourable monsoon in most parts of the country and higher thermal power generation resulting mainly from addition to the installed capacity, although capacity utilisation has not shown any improvement.

The industrial production index cannot be considered a yardstick for measuring the increase in production, since it does not take into account the decentralised sector, which accounts for 40 to 50 per cent of the country's industrial output. Moreover, some new sectors of industry like electronics are also not included in the index. Thus, the index can indicate only the broad trends.

Businessmen Optimistic

Trade and industry circles seem to take a cautiously optimistic view of the economy, and the exuberance seems to be lacking among them. It is generally expected that the production in several sectors of industry this year will be much higher than last year, mainly because of better power availability and improvement in infrastructural facilities. The spending spree by the government sector on the eve of the general election is also expected to have a favourable impact on trade and industry. But these circles seem inclined to hasten slowly before undertaking their long-term plans of expansion till the outcome of the general elections is known.

Real national income, which has shown a rise of 8.5 per cent--highest since 1978-79--is expected to show a further rise in 1984-85, though of a smaller magnitude than in the previous year.

Official circles have claimed that the system is responding to anticipatory measures of demand and supply management. During the first half of 1984-85 (April-September), the wholesale price index has shown a net rise of 6.4 per cent against the rise of 10.5 per cent in the same period of the previous year, and of 9.3 per cent in the fiscal year 1983-84. The downtrend in the wholesale price index noticed since mid-August 1984 is expected to continue till December, after which an upward pressure on prices owing to seasonal factors is expected.

Money Supply

The rate of increase in money supply (M 3) in the current financial year so far has been lower than in the same period last year. Monetary expansion during the fiscal year 1983-84 was larger than in the previous year in both absolute and percentage terms. This was attributed to a higher increase in net bank credit to government and lower contractionary impact of the fall in the net foreign exchange assets of the banking sector. Bank credit to commercial sector, on the other hand, recorded a lower rise than in 1982-83.

The credit policy measures during the year were mainly aimed at reducing the expansionary impact of the rapid growth in reserve money, but at the same time supporting all productive activities. The credit policy for the 1984 slack season (May-October) emphasised the need for moderating the rate of growth of liquidity, and thereby curbing inflationary expectations. Efforts were made to mop up a part of the excess liquidity in the banking sector, by raising the statutory liquidity ratio (SLR) by one percentage point in two stages of 35.5 per cent from July 28, 1984 and to 36 per cent from September 1, 1984. For the ensuing busy season (November-April), the restrictive credit policy is likely to continue.

To keep the annual inflation rate within manageable limits, it is necessary to increase production significantly in all sectors. In India, it has been noticed that shortage of any product leads to expectation of a price rise, which in turn triggers cornering of stocks. The resultant price rise is thus much higher than what actual shortage should have caused.

Budget Deficit

The combined budgetary position of Central and state governments shows that there will be a net deficit of Rs. 2,370 crores in 1984-85 against the revised estimate of Rs. 2,548 crores in 1983-84. Total receipts are expected to be higher at Rs. 63,338 crores against Rs. 58,200 crores and total disbursements at Rs. 65,708 crores against Rs. 60,748 crores.

The merchandise trade gap widened from Rs. 5,526 crores in 1982-83 to Rs. 5,781 crores in 1983-84. However, there was a further improvement in the overall balance of payments situation in 1983-84. The government of India terminated the three-year Extended Fund Facility (EFF) arrangement with the International Monetary Fund (IMF) from May 1, 1984, about six months ahead of the date when it was due to end. Accordingly, under the EFF arrangement, India drew only SDR 3,900 million against the initially agreed amount of SDR 5,000 million for the three-year period ending November 8, 1984.

The Reserve Bank of India considers the balance of payments outlook in 1984-85 reasonably satisfactory. However, it points out that the second half of the decade (covering the period of the Seventh Five Year Plan) presents a picture of greater uncertainty. Since the balance of payments is likely to come under great pressure, policies will have to be devised well in advance to take care of the pressures. Such a strategy could include measures for stepping up the growth rate for 'dynamic' items in the export basket, measures to improve the profitability of exports relative to producing for the home market and creating the potential for raising exportable supplies. The import policy will have to take note of the need to upgrade technology and in general to improve the efficiency of our production system.

Capital Market

The capital market has generally remained buoyant last year, with a phenomenal increase in the direct mobilisation of funds by the private sector. Besides equity issues, debenture issues--both convertible and non-convertible--have become popular with investors.

In 1984, capital issues are expected to exceed Rs. 1,000 crores against Rs. 780 crores in 1983. The mix of capital issues has tilted in favour of non-convertible debentures in the past two years or so. The revised guidelines for issue of debentures by public limited companies, announced by the government on September 15, 1984 are expected to further popularise debentures, both convertible and non-convertible. These guidelines have made non-convertible debentures more attractive for large public limited companies. Now that such debentures can be issued for setting up new projects, expansion or diversification of existing projects, normal capital expenditure on modernisation and for restructuring of capital as approved by banks and financial institutions or any other legal authority, more and more companies can be expected to go in this form of raising funds. Companies having a large capital base already and having a good cushion for borrowing can resort to issue of non-convertible debentures rather than issue fresh convertible debentures, or take loans from financial institutions which normally carry a conversion clause.

The revised guidelines also provide for conversion of the non-convertible portion of the convertible debentures into equity shares. Reliance Textile Industries has already issued shares by converting the non-convertible portion of its earlier series of convertible debentures. Some more companies are expected to take advantage of this provision in the near future.

The response to public issues of existing companies and companies setting up high technology projects has been generally encouraging last year. There has been diversion of funds from the fixed deposit schemes of public limited companies to non-convertible debentures, since the latter offer several added advantages over the public deposit schemes of companies. With the revised guidelines, incremental funds are expected to be diverted to non-convertible debentures from public deposits of companies.

For the Bombay Stock exchange, the Samvat Year 2040 was quite good. Activity broadened considerably and the share price index showed a net rise of 7 per cent over the year. Demand for shares was selective, and industrial groups like plantations, cement, steel, fertilizers, pharmaceuticals, chemicals, automobiles and other textiles showed handsome gains. Shares of cotton textiles and shipping companies remained generally neglected and lost ground.

A redeeming feature of trading was the absence of upheavals resulting from payment crisis noticed in the previous two years. The market moved both ways during the year. The rally, which started from the end of October, 1983, continued to till early January, 1984. later, there was a reaction till May, 1984. The Union budget failed to enthuse the market. Till July-end, there was a big rally which was interrupted by a mild reaction in August. During September and October, 1984, share prices shot up, mainly on speculative buying and institutional support. Reports of a favourable monsoon, easing of tension in the Punjab and Andhra Pradesh also aided the sentiment.

On the eve of the new Samvat Year, the mood among marketmen seems to be of confidence. With several companies coming to the market with their new issues, the number of investors on the stock exchange has increased considerably in the past few years. This number is expected to grow in the coming years. Thus, the volume of business on the stock exchanges is expected to broaden, in which the market men are basically interested.

No doubt there are both favourable and unfavourable factors, which are likely to influence the course of the market in the New Somvat Year, although the economic trends are considered favourable by marketmen, the outcome of the general elections will be watched with interest.

CSO: 4600/1084

INDIA

PRESS REPORTS, COMMENTS ON RICHARD MURPHY VISIT

Expectations from Visit

Madras THE HINDU in English 22 Oct 84 p 9

[Article by G. K. Reddy]

[Text] NEW DELHI, Oct. 21--The U.S. Assistant Secretary of State, Mr. Richard Murphy, who arrived a day ahead to prepare for his talks on Indo-American relations, conferred with the U.S. Ambassador, Mr. Harry Barnes, and other senior officials of the embassy today on various issues that are expected to be raised during his talks in Delhi.

The main discussions with the Foreign Secretary, Mr. M. K. Rasgotra, will take place tomorrow, followed by calls on other senior personalities in the Government dealing with Indo-American relations.

He met the Secretary in the External Affairs Ministry, Mr. Romesh Bhandari, who is due to succeed Mr. Rasgotra at the end of January next, today itself since he is due to leave tomorrow morning as a member of the President's entourage on his visits to Mauritius and North and South Yemen.

Important Talks

The Indian officials are attaching considerable importance to these talks with Mr. Murphy because as an Assistant Secretary of State for Near Eastern and South Asian Affairs, he initiates most of the U.S. policy decisions relating to India and Pakistan. The Secretary of State, Mr. George Shultz, and the Under-Secretary who is number two in the State Department are generally preoccupied with other important issues and as such they tend to endorse the policy recommendations emanating from the Assistant Secretaries of State dealing with various regions.

It was one of Mr. Murphy's predecessors in charge of Near East and South Asia in President Carter's time, Mr. James Buckley, who was largely responsible for the U.S. decision in 1981 to rearm Pakistan in a big way after the Soviet military intervention in Afghanistan. The \$3.2 billions package was initiated by Mr. Buckley, who later succeeded in persuading the present Reagan Administration to upgrade the level of U.S. arms aid by including 40 F-16 aircraft equipped with the very latest avionics which were denied at one stage.

Not Surprising

It is not surprising that Mr. Buckley is now on a private visit to Pakistan as a personal guest of President Zia-ul-Haq to renew his old contacts with him. He said in Islamabad last week, in the wake of the controversial speech of the American Ambassador, Mr. Dean Hinton, that the U.S. would not remain a silent spectator in the event of an attack on Pakistan, although he took care to stress that the U.S. did not expect India to commit such an aggression.

As Assistant Secretary of State for Near East and South Asia, Mr. Murphy who is an Arab specialist has on the other hand been concentrating on West Asian affairs, leaving South Asian issues to his deputy, Mr. Howard Schaffer, who is a specialist on Indo-Pakistan problems. After Mr. Schaffer was appointed U.S. Ambassador to Bangladesh, Mr. Murphy has been taking greater interest in South Asian affairs since no new Deputy Assistant Secretary of State has been appointed yet to relieve him of this burden.

So Mr. Murphy is considered by India as the initiator of the new U.S. moves to upgrade further the level of U.S. arms supplies to Pakistan by including more sophisticated systems like the Hawkeye aerial surveillance aircraft, besides extending the military aid programme beyond 1987 after the present \$3.2 billions package runs out. The Indian officials will certainly ask him some searching questions about the possible U.S. motivations behind these moves to intensify the Indo-Pakistan arms race.

The Government of India would also like to seek an authoritative clarification whether in talking of the American commitment to defend Pakistan the U.S. is trying to reactivate the 1951 mutual security pact with Pakistan. Though it is highly unlikely that Mr. Murphy would come forward with any convincing explanation, he is bound to repeat the bland assurances of the past that the U.S. military aid to Pakistan was primarily meant for its defence against a possible Soviet attack through Afghanistan and that in speaking of the U.S. commitments to defend Pakistan's territorial integrity the Reagan Administration was not perceiving any Indian threat to it.

Important Issue

In the bilateral sphere, an important issue that will come up for discussion is the question of the much talked of memorandum of understanding on scientific and technological cooperation. The U.S. has been dragging its feet for the last two or three years insisting on all kinds of assurances to ensure that there will be no diversion of either hardware or technology without prior authorisation even in domestic use, not to speak of clandestine transfer to third countries like the Soviet Union.

An American team is expected around November 10 for follow up talks to see whether the remaining points of difference, in regard to both principles and procedures, could be settled to mutual satisfaction soon to clear the way for the conclusion of a large number of pending contracts with American firms for transfer of technology and sale of equipment. It remains to be seen whether Mr. Murphy has arrived with any new assurances on the subject from Washington in the light of what the U.S. Vice-President, Mr. George Bush, promised during his visit to Delhi.

Pending Deals

The most important of these pending deals relates to the technology transfer agreement that the Government of India has been negotiating with Hemmlocks of California for setting up a National Silicon Facility with its assistance. In addition, 22 other agreements with major U.S. companies for the purchase of different types of computers and supporting systems have been held up by the inordinate delay in finalising the memorandum of understanding on scientific and technological cooperation.

22 Oct Talks Assessed

Madras THE HINDU in English 23 Oct 84 p 1

[Article by G. K. Reddy]

[Text]

NEW DELHI, Oct. 22.

The visiting U.S. Assistant Secretary of State, Mr. Richard Murphy, today tried his best to assuage India's ruffled feelings with the bland assertion that the American policy of arming Pakistan was primarily aimed at containing Soviet influence in the region.

After a two-hour discussion with the Foreign Secretary, Mr. M. K. Rasgotra, followed by a working luncheon, he called on the Minister of State for External Affairs, Mr. R. N. Mirdha, and later, on the Principal Secretary to the Prime Minister, Dr. P. C. Alexander, to articulate the same theme but with some variations in its presentation.

The main point that Mr. Murphy made during these talks was that the proposed upgradation of U.S. arms supplies to Pakistan to include some new weapon systems did not represent any radical change in the U.S. policy of not upsetting the present military balance in the sub-continent. The U.S. saw no harm in giving Pakistan enough conventional weapons to meet its legitimate defence requirements, if this could prevent Pakistan from exercising its nuclear option.

He also said that the U.S. had information from its own sources that the Soviet Union was of late intensifying its pressures on Pakistan through frequent incursions. The Reagan administration wanted to step up Pakistan's defence capability by providing new weapon systems to enable the Zia regime to face these Soviet threats through Afghanistan.

Mr. Murphy was told quite politely but firmly during these talks that, if the real American purpose in arming Pakistan was to contain Soviet influence, the effect of this policy was quite the opposite in the sense that India was being compelled to turn more and more to Moscow for matching weaponry for its security in the face of a rearmed Pakistan. The U.S. could not expect India to keep quiet if it continued to arm Pakistan with highly sophisticated weapon systems which were not likely to be used against the Soviet Union.

The Indian officials also drew Mr. Murphy's attention to Pakistan's involvement in Punjab and its continued attempts to train, arm and

incite the extremists to take to violence. He was told that there could be no resumption of the no-war dialogue with Pakistan until it desisted from such hostile activity and made due amends with some positive gestures to demonstrate its genuine desire for better relations.

It was suggested in this context that Pakistan could create the right climate for a resumption of the interrupted dialogue by handing over the hijackers just as the United Arab Emirates did in a similar situation. But Mr. Murphy confined his comments on the current strains in Indo-Pak relations to the arms issue, without commenting on its bilateral aspects, by asserting repeatedly that the U.S. was giving limited military aid to enable Pakistan meet the threat of Soviet incursions through Afghanistan.

The talks were useful to the extent that the Indian officials got yet another opportunity to tell a senior U.S. functionary that the American policy of arming Pakistan to contain Soviet pressures was self-defeating, since it was having exactly the opposite effect of increasing Soviet influence in the area by compelling India to seek more Soviet arms, which would have been quite unnecessary in normal circumstances. The U.S. was thus undermining its own political prestige in South Asia by starting a new Indo-Pak arms race and involving the Soviet Union increasingly in the sub-continent.

This outspoken presentation of the Indian position was made against the background of the impending visit of the Defence Minister, Mr. S. B. Chavan, to Moscow to seek new weaponry for matching the latest arms the U.S. was giving to Pakistan. The Government of India's concern over the recent speech of the U.S. Ambassador in Islamabad, Mr. Dean Hinton, was also voiced during these talks to give expression to this country's strong resentment over his observation that the U.S. would not remain neutral if India committed aggression on Pakistan. The U.S. Ambassador to India, Mr. Harry Barnes, who was present during these talks tried to give Mr. Hinton the benefit of doubt saying that he was possibly misquoted, but the Indian officials produced the text of his speech supplied by the U.S. Embassy itself in corroboration.

As an expert on Arab affairs, Mr. Murphy also spent some time exchanging views on the Iran-Iraq war, Arab-Israeli problems and the Lebanese situation with the Secretary in the External Affairs Ministry, Mr. Romesh Bhandari, when he called on him last night. But the main theme of his talks in Delhi was Indo-Pak relations and U.S. arms supplies to Pakistan.

U.S. Embassy Statement Reported

Bombay THE TIMES OF INDIA in English 24 Oct 84 p 1

[Text] NEW DELHI, October 23--THE U.S. today responded to India's concern over the supply of sophisticated American arms to Pakistan by highlighting the "continued presence of Soviet armed forces in Afghanistan."

A statement issued by the U.S. embassy in New Delhi ignored India's contention that whenever sophisticated arms were supplied to Pakistan these were used only against India.

This point was made forcefully today by Mr. G. Parthasarathy, chairman of the policy planning committee of the external affairs ministry, when the U.S. assistant secretary of state, Mr. Richard Murphy, had an hour-long meeting with him.

Mr. Parthasarathy also discussed the Sri Lanka problem with Mr. Murphy and emphasised the need for an "early political solution of the ethnic problem based on a satisfactory measure of autonomy for the Tamils in Sri Lanka."

Mr. Parthasarathy underlined the urgency of resolving the ethnic problem in view of the loss of innocent lives because of the continuing conflict in Sri Lanka and its repercussions of this on India.

Mr. Murphy is visiting Pakistan and Sri Lanka after his three-day stop-over in New Delhi where he had official talks yesterday with the foreign secretary, Mr. M. Rasgotra.

The statement by the U.S. embassy, issued after the talks today, stressed the continued desire of the U.S. for close and friendly relations with India.

According to the statement, Mr. Murphy, while discussing the U.S. security assistance to Pakistan, noted the continued presence of the Soviet armed forces in Afghanistan and expressed hope for further efforts on the part of all countries to achieve a political solution leading to their withdrawal.

The stock response to India's concern over a new arms race in the sub-continent did not surprise observers here since Mr. Murphy, who came here on the U.S. initiative, was not expected to offer any specific assurance in this regard. India had earlier taken up this matter at higher levels without any results.

Mr. Murphy during the talks reiterated the U.S. conviction that "India has no intention of attacking Pakistan and that Pakistan has no intention of attacking India".

'No Nuclear Umbrella'

These remarks were made in the context of India's protest against the statement by the U.S. ambassador to Islamabad, Mr. Deane Hinton, projecting India as a potential aggressor against Pakistan. The matter figured again during Mr. Parthasarathy's talks with Mr. Murphy.

Mr. Murphy expressed dismay that recent erroneous press reports had caused some concern regarding the U.S. policy toward the sub-continent. He particularly regretted the false press report regarding a so-called "nuclear umbrella". No such umbrella had been offered to Pakistan, nor had Pakistan made such a request, he said.

He hoped for an early resumption of Indo-Pakistani talks.

The statement said that the purpose of Mr. Murphy's current visit to India, Pakistan and Sri Lanka was to underscore the U.S. interest in a stable, peaceful and developing region and its desire for close, friendly and co-operative relations between the U.S. and the countries of the sub-continent.

The U.S. welcomed the efforts to increase regional co-operation in South Asia and urged an active pursuit of better bilateral relations among the states in the region.

Mr. Parthasarathy, who had recently met the secretary of state, Mr. George Shultz, in New York, told Mr. Murphy that further supply of sophisticated U.S. arms to Pakistan would only lead to increase tension in the region and to a new round of arms race.

Expressing India's concern over reports from Washington suggesting that India was to launch a pre-emptive strike against Pakistan and over a statement by the U.S. ambassador in Islamabad that India was a potential threat to Pakistan, Mr. Parthasarathy said there was no basis to this allegation. Naturally, the reports had caused deep resentment in India.

Moscow (PTI): "Izvestia" said on Monday evening that the U.S. resorts to various tricks to whip up hostility in Pakistan against India.

The Soviet government newspaper said typical was the American ambassador's speech to students in Lahore saying his country would come to Pakistan's aid in an armed conflict with India. "He did not stop short of describing India as a potential aggressor", it noted.

Synchronising with this, press reports had appeared about the U.S. President, Mr. Reagan's proposal for a "nuclear umbrella" over Pakistan, "Izvestia" observed and said: "Indian Prime Minister, Mrs. Indira Gandhi has pointed out the dangerous consequences of such a step by the U.S."

Departure Statement Reported

Madras THE HINDU in English 25 Oct 84 p 7

[Article by G. K. Reddy]

[Text]

NEW DELHI, Oct. 24.

After concluding his talks in Delhi, the U.S. Assistant Secretary of State, Mr. Richard Murphy, left for Islamabad yesterday for a similar exchange of views on Indo-Pakistan relations, before proceeding tomorrow to Colombo to preside over a meeting of the heads of American diplomatic missions in the region.

The visit to Islamabad was not unscheduled, but it was kept secret for security reasons as part of the current U.S. policy of not publicising the travel plans of senior personalities in advance, so much so that the Government of India was not aware that he was going to Pakistan.

In a brief statement before his departure from Delhi, Mr. Murphy reiterated the U.S. conviction that neither India nor Pakistan had any intention of attacking each other, despite the present strains in their relations. He said the U.S. hoped for an early resumption of the interrupted dialogue between India and Pakistan.

Mr. Murphy stressed once again that American arms aid to Pakistan was primarily intended to bolster its defences against any Soviet pressures through Afghanistan. He voiced his dismay over the "erroneous" press reports that the U.S. had offered a nuclear umbrella to Pakistan, saying that no such offer was made nor had Pakistan sought it.

Reaffirmed: An interesting feature of Mr. Murphy's visit to India, Pakistan and Sri Lanka was a reaffirmation of the U.S. interest in what he called a stable, peaceful and developing region, along with a reassertion of the American desire for close relations with all the three countries. He welcomed the South Asian efforts for greater regional cooperation, while stressing the importance of better bilateral relations.

Though the U.S. was not making any diplomatic moves to bring about a resumption of the Indo-Pak dialogue, Mr. Murphy is certainly utilising his visit to explore the possibilities by talking both in Delhi and Islamabad about each other's concerns and discussing what could be done to allay their apprehensions.

But a big hurdle to this well-meaning effort is the U.S. policy of arming Pakistan which has gravely undermined India's faith in the American political and strategic objectives in the region, with the result that Mr. Murphy's talks in Delhi did not go far enough in allaying India's apprehensions.

Lanka issue: In the Indo-Sri Lankan context, he welcomed India's efforts to bring about a fair and equitable political settlement of the Tamil question, while maintaining that the U.S. also was equally interested in such a peaceful

solution to the island's ethnic problem. He was hoping to convey the same feelings to the Sri Lanka President, Mr. J. R. Jayewardene, during his stay in Colombo.

The visit of Mr. Murphy to Delhi was useful in the sense that the Government of India got an opportunity to convey its concern in a strong manner and drive home the point that the increasing Indian dependence on Soviet assistance for its defence effort was not the cause but a consequence of the U.S. policy of arming Pakistan and starting a new arms race in the sub-continent.

Though he did not agree with the Indian view of this tangled situation, he nevertheless took due note of the intensity of India's apprehensions without in any way conceding that the U.S. was at least partly, if not wholly, responsible for the current tension in the sub-continent.

As a veteran diplomat with no emotional involvement in Indo-Pak problems, like some of his predecessors who were more inclined to take sides, Mr. Murphy has left behind a good impression in Delhi as a candid and capable practitioner of the art of the possible, in attempting to mollify India's fears while holding out no promise at all of any modification of the policy of arming Pakistan.

He spoke with a measure of conviction in driving home his basic theme that, whatever the Indo-American differences on Pakistan be, the U.S. cannot be unaware of the importance of better relations with it.

Indo-Soviet ties: Mr. Murphy scrupulously avoided making any critical references to the Indo-Soviet relationship, nor did he bring in the question of Soviet arms supplies to India to justify or explain away the American policy of arming Pakistan well beyond its legitimate defence requirements.

It was left to the Indian side to point out that the U.S. policy of arming Pakistan to contain Soviet influence was having quite the contrary effect by compelling India to turn more and more to Moscow to step up its own defence effort against the dangers of yet another attack by Pakistan.

A significant aspect of current Indo-U.S. exchanges is that no mention is made by either side about the Tarapur agreement even in the context of Pakistan's nuclear ambitions.

In the process India is trying to give a decent burial to the 1963 agreement, although the U.S. continues to reserve the right to raise at some stage the question of continuity of safeguards even after the lapse of it.

New Delhi PATRIOT in English 26 Oct 84 p 4

[Editorial]

[Text]

Getting it off the chest is perhaps the only relief that we are going to get from US Assistant Secretary of State Richard Murphy's stopover in New Delhi. Mr Murphy's formulation of the US posture remains the same as when President Carter gave Gen Ziaul Haq of Pakistan a gift parcel of 3.5 billion dollars worth of weaponry to "contain Soviet expansion south of Afghanistan". President Reagan is about to add more to the pile on the same excuse. And that is what Mr Murphy trotted out for our benefit adding, not insignificantly, that while there is no threat to Pakistan from India there was none to India from Pakistan either. That goes to show that nothing that Indian leaders have said to President Reagan and Secretary of State George Shultz has registered — and the crux of our argument was the experience of the past three decades that every transfusion of weaponry to Pakistan has resulted in an aggression on India. The US has clearly stuck to its guns and the non-productive nature of Mr Murphy's visit should have astonished no one.

At the end of his one-hour meeting with Chairman of the Policy Planning Committee G Parthasarathy and his earlier meeting with Foreign Secretary M Rasgotra what the US official said amounts to the following: if Indians do not like the US-Pakistan security relationship they can lump it. Mr Murphy's reference to Soviet troops in Afghanistan is an old red herring drawn across India's expostulations, as though finding a solution of the Afghanistan crisis was an Indian responsibility. It will therefore be self-delusion to assume, as some in this country seem to do, that Mr Murphy's reference relates the arms supplies to Pakistan with the Afghanistan situation and is therefore to be taken as an assurance that these will not be employed against this country.

The present US administration has given no such pledge, explicitly or indirectly. The Reagan administration has denied India the assurance which President Dwight Eisenhower, at the height of the cold war, was able to furnish. Whether or not President Eisenhower seriously believed in the efficacy of his interdiction, he at least said that the weapons given to Pakistan would not be used against India. Such a pledge is not available to India this time. Pakistan under General Zia is being integrated in the US security system, the old Mutual Security Pact has been dusted and being furnished with teeth. It is being said that the pact would remain valid beyond 1987. There is now a possibility that the extended security relationship would introduce in Pakistan nuclear missiles on the NATO analogy. Words should not obfuscate the dangers being posed to India's security through supply of advanced surveillance aircraft to Pakistan. Irrespective of whether the US offered Pakistan a nuclear umbrella or not a heightened form in the US-Pakistan military relationship can be achieved under a variety of guises. India probably will not know what form this has taken until the two sides are ready to take the world into confidence. Meanwhile this country must proceed on the assumption that the US-Pakistan military ties form a developing relationship which has tilted the regional situation against India.

INDIA

POLITICIANS BANNED FROM RECEIVING FOREIGN FUNDS

Bombay THE TIMES OF INDIA in English 22 Oct 84 p 1

[Text] NEW DELHI, October 21, (PTI)--THE President has promulgated an ordinance banning all political parties and their office-bearers, including those not covered by the election symbols order, from receiving foreign contributions.

The order prohibiting the political parties and their office-bearers from accepting foreign contributions was "absolute and no exemptions can be granted to any party," an official announcement said today.

The ordinance, promulgated late last night, plugs the loopholes in the foreign contributions (regulation) act of 1976 and brings in judges within its ambit, the announcement said. Judges have been debarred from accepting foreign contributions and foreign hospitality from now onwards.

Specific Clearance

Under the ordinance all associations receiving foreign contributions for their activities will have to get themselves registered with the Union home ministry.

Any association or organisation not registered with the Union home ministry specifically for this purpose will have to obtain prior permission on each and every occasion it receives a contribution.

For keeping a check on the receipt of foreign contributions, it has been made incumbent on all organisations receiving foreign contributions to receive money only through a specified branch of a bank.

The organisations will have to specify the bank and the branch in their application for registration to the home ministry, the announcement said.

The announcement said any receipt of money through any other branch of the bank would be violation of the act and would entail penalties.

The ordinance prohibits acceptance of foreign contributions by any association for three years from the date of second conviction for any violation.

The ordinance plugged another loophole in the act whereby there was no check on acceptance of foreign contributions by an organisation via another organisation.

From henceforth all organisation receiving foreign contributions either directly or through other organisations would be accountable under the act.

To make these provisions effective, the Centre has acquired powers for audit of the accounts of any organisation which fails to submit the prescribed returns or is suspected to have been contravening the provisions, the announcement said.

The power is in addition to the already existing one of inspection of accounts of such organisations.

The announcement said that so far only those political parties covered under the election symbols order and their office-bearers were debarred from receiving foreign contributions.

Hereafter all political parties and their office-bearers have been prohibited from receiving any foreign contribution, it said.

The announcement said receipt and utilisation of foreign contributions by certain organisations having cultural, economic, educational, religious and social programmes had been engaging the attention of the government for some time.

The government felt the present system of regulation of receipt and utilisation of these contributions under the foreign contributions (regulation) act of 1976 was not satisfactory and certain measures were necessary to plug loopholes to make the act more effective, it said.

UNI adds: Meanwhile, the programme for the coming parliamentary elections is expected to be announced at least 10 to 12 days before the opening of nominations, election commission sources said today.

Denying reports that the programme would be announced "all of a sudden", the sources said that for the 1977 general elections, the programme, including the dates of filing of nomination papers, scrutiny, withdrawal and poll was announced on February 2. The nominations opened with the presidential notification issued on February 10.

The programme for the last general elections was announced through a press note on November 24, 1979, and the nominations opened on December 3 with the issue of the presidential notification. There will be no deviation from the past practice for the coming Lok Sabha elections, the sources said.

If the coming elections are held on schedule, the programme is expected to be announced in the last week of November.

Asked about the possibility of Lok Sabha elections in Punjab with the rest of the country, excluding Assam, the sources said the election commission would ask the state chief electoral officer to send a report on the law and order situation in the state.

Elections would be held there only if he was of the view that it was possible. The government had not asked the election commission to hold elections in the state. "It need not give directions to the election commission in this regards," the sources added.

A senior official of the Delhi administration, who was transferred a month ago, has been asked to continue in his post in view of the forthcoming Lok Sabha elections.

Administration sources said Mr. I. D. Gupta would continue additional district magistrate (revenue) and Mr. B. L. Anand of the Delhi Development Authority (DDA), who was to take over from him, has been appointed ADM (north and east).

The sources said Mr. Gupta was transferred on September 15 as the assistant development commissioner. He was asked to hand over charge to Mr. Anand five days later.

Order Reversed

But the order was reversed on October 10 when Delhi's chief electoral officer, Mr. S. C. Vajpayee, who is now the acting chief secretary, intervened to say that Mr. Gupta's services would be needed in the Union territory during the elections.

This would be possible only if Mr. Gupta continued to head the mass of revenue staff, who are spread all over the city.

Neemuch (UNI): Fifteen auxiliary battalions of the Central Reserve Police Force (CRPF) will be raised soon in view of the coming elections, according to Mr. Shiv Mohan Singh, inspector-general of the CRPF.

Mr. Shiv Mohan Singh said the jawans of the auxiliary battalions would be provided with lathis and not arms. The total number of CRPF battalions will go up to 90 with the addition of these 15 auxiliary battalions.

The officer said three group centres of the CRPF were proposed to be set up at Bhopal, Lucknow and Chandigarh involving an expenditure of Rs. 24 crores.

CSO: 4600/1082

NORTHEAST REGIONAL PARTIES WANT FEDERAL SYSTEM

Calcutta THE STATESMAN in English 22 Oct 84 p 9

[Text] IMPHAL, Oct. 21--The regional parties of the North-East have demanded at amendment of the Constitution for a "pure" federal structure, reports UNI. In a resolution adopted at the parties' two-day conference here, they said the Centre should only look after defence, currency, foreign affairs and communications and the other subjects should be transferred to the States to keep the country united.

The conference decided to stage 12-hour hunger-strikes at all the State and Union Territory capitals of the region on November 15 to press the Centre for an immediate solution to the foreigners' problem.

The former Meghalaya Chief Minister, Mr B. B. Lyngdoh, the former Mizoram Chief Minister, Brigadier T. Sailo, the former Arunachal Pradesh Chief Minister, Mr Tomo Riba and the Naga National Democratic Party president, Mr T. Aliba Imti attended the conference which concluded here yesterday.

The conference decided to observe August 14 every year as "North-Eastern Solidarity Day" at [word illegible] State capitals.

A 17-member action committee with Mr Lyngdoh as its chairman was formed to chalk out the various programmes to be organized by the parties in the region. About 100 delegates participated in the conference.

Meanwhile, the Manipur Congress (I) vice-president, Mr N. Tombi Singh has criticized the State Chief Minister, Mr Rishang Keishing, for saying that free election campaign was not possible in the Ukhrul area.

Mr Singh, a former M.P., said "It should pose a grave disappointment to everybody in the electoral "field".

The district authorities of Ukhrul have imposed night curfew from 6 p.m. to 3 a.m. for four months in the areas bordering Burma, according to an official release here yesterday.

The curfew was clamped to check underground activities and to protect the people in the area.

INDIA

RAJIV: OPPOSITION COLLUDES WITH FOREIGN FORCES

Bombay THE TIMES OF INDIA in English 22 Oct 84 p 7

[Text] LUCKNOW, October 21 (UNI)--THE Congress general secretary, Mr. Rajiv Gandhi, yesterday accused the opposition of "colluding" with foreign forces to "sell off the freedom of the country."

Speaking at the concluding session of a one-day meeting of the Uttar Pradesh Congress committee here, he warned the people against all sorts of "attempts of interference in the internal affairs of the country."

The elections were found the corner and certain embassies had suddenly become "very active," he said.

"People from one embassy recently undertook an extensive tour of a state and some opposition leaders accompanied them," he alleged and added: "An ambassador even went to the extent of asking the chief minister of a state, which side Muslims of that state will go in case of an attack by Pakistan."

Mr. Gandhi, also reminded the people of the interest shown by an embassy in the dispute over some graves in Varanasi.

"Today, attempts of all sorts of interference are being made and the opposition parties are colluding with foreign countries for selling off our freedom," he said.

Blistering Attack

The foreign powers were applying pressure against India because the country was getting stronger and always raised the right voice, Mr. Gandhi opined.

However, he said: "India's strength lies in its people and we shall continue to forge ahead."

Launching a blistering attack on the opposition, the Congress general secretary said, "They have never done any positive thing. Their only contribution in democracy is sabotage."

Alleging that opposition was ready to go to any lengths to harm the Congress he said one opposition member of parliament, who went inside the Golden Temple complex before the army action, tried to mislead the country by claiming that there were no terrorists or arms inside the complex.

Two representatives of the same opposition party stated after returning from Pakistan that there was no war threat, he added. As against this, the contribution of Congress for the country was well-known, he said.

CSO: 4600/1082

ARTICLE SCORES 'VAGUENESS' IN CONSTITUTION

Calcutta THE STATESMAN in English 4 Oct 84 p 1

[Text] New Delhi, Oct. 3--There is, according to some analysts here, a disturbing vagueness about the Constitution's provisions relating to elections, which vests the initiative with the rulers of the day and makes the Election Commission's mandatory authority something of a myth.

For instance, the Lok Sabha Speaker, who embodies the entire House, continues in office even after it is dissolved and can stay on virtually indefinitely. For, under Article 94 of the Constitution, he "shall not vacate office until immediately before the first meeting of the House of the people after its dissolution".

As long as the Speaker stays, the requirements of Article 79, which stipulates that "there shall be a Parliament for the union, which shall consist of the President and two Houses to be known, respectively, as the Council of States and the House of the People", are met at least technically.

That is the subtle inference drawn so far. And that is what happened in 1979, when for about six months there was no Lok Sabha. The Speaker stayed on. So did the Council of Ministers "to aid and advise" the President.

The implications of what happened then are grim: a Government can be in position even without a Lok Sabha, making nonsense of doctrines like accountability to Parliament.

Also, Article 79 seems to circumscribe, if subtly, Article 83(2), which says that "the House of the people, unless sooner dissolved, shall continue for five years from the date appointed for its meeting, and no longer, and the expiration of the said period of five years shall operate as a dissolution of the House". It is from Article 83(2) that the Election Commission takes its cue.

The highest authority in the land in respect of elections agrees that Article 79 indeed holds loopholes. There is similar vagueness about Article 85(1), which says that "six months shall not intervene" between the last sitting of one session and the date appointed for the first sitting of the next session. Does that apply to two sessions of an existing House, or to the final session of an existing House and the first session of a new one?"

If the latter were the case, and if the winter (and final) session of the present Seventh Lok Sabha were to be held in November-December could Article 85(1) be interpreted to mean that the first session of the next House could well be held in June 1985?

Equally vague is Clause 14(1) of the Representation of the People Act of 1951, by which the Election Commission is principally guided. The clause says merely that "a general election shall be held for the purpose of constituting a new House of the people on the expiration of the duration of the existing House or on its dissolution". It does not say precisely when the election shall be held.

The word "on" in the phrase "on the expiration...", cannot automatically be taken to mean "before". Some analysts therefore ask: Where is the provision that a new House shall be constituted before the expiration of the duration of the present one? In other words, do elections for a new House need to be held at all before the expiry of the present one's term?

These analysts feel that extension of the present House, to suit the ruling party's convenience, is more probable. It seems, indeed, that a resolution for that purpose has already been got ready, to be placed before Parliament for its approval.

The fact is that these crucial constitutional and other provisions relating to elections are extremely vague. They have not so far been judically tested. The Election Commission is not unaware of these loopholes in the law and proceeds with its job based on an overall reading of the Constitution.

What will the Commission do if some serious hitch develops, given this anomalous situation, and the next elections are sought to be stalled? "We shall consult the Attorney-General", the authority said.

CSO: 4600/1046

INDIA

REPORTAGE ON FORMATION OF DALIT MAZDOOR KISAN PARTY

Charan Singh, Bahuguna Head Founders

Bombay THE TIMES OF INDIA in English 22 Oct 84 p 1

[Text] NEW DELHI, October 21--MR. Charan Singh and Mr. H. N. Bahuguna today joined some others to form a new party which, they claimed, was a step towards consolidation of opposition unity.

Also present at the press conference at which the two leaders, with their antithetical background, made the announcement were Mr. Devi Lal (Haryana) and Mr. Ratubhai Adani of the Rashtriya Congress of Gujarat.

Mr. Devi Lal read out letter he had received from Mr. Karpoori [D]hakur and Mr. Kumbha Ram Arya conveying their decision as well to join the new party.

(A PTI report says the new party will be named Dalit Mazdoor Kisan Party, according to Mr. S. P. Malaviya, the Lok Dal general secretary.)

The establishment of a new party by the coming together of these men was seen by other opposition forces as a move that will hinder and not help opposition unity. For once, it would create confusion instead of bringing about approximation between the two formations, the Janata-led united front and the National Democratic Alliance of the Lok Dal and the BJP.

Leftist Forces

While Mr. Charan Singh maintained that ties between the Lok Dal and the BJP would not be affected, Mr. Bahuguna pointed out the relationship would be discussed by the new party.

The policy statement of the proposed party "with Chaudhury saheb as leader" as Mr. Bahuguna said, was also markedly least enthusiastic about alliances and fronts.

The statement pledged to work together with other "democratic parties and patriotic forces" as well as left and regional groups.

It remains to be seen how this is implemented. It is true that Mr. Charan Singh with this caste class hold and Mr. Bahuguna with the spread of personal following could pose a challenge to the ruling party. But the effect of the combination will be confined to Uttar Pradesh and to a much lesser extent Bihar.

The new party is being formed of parties and individuals who had broken away from the existing formations which together assume something more than a "darned cloth" as Mrs. Gandhi characterises opposition unification.

Incidentally, Mr. Bahuguna's rejoinder to the Prime Minister was that most Indians wore only darned clothes and that only she could change clothes thrice a day. A Janata spokesman retorted that "darned cloth" is better than no clothes at all (of the ruling party).

Mr. Bahuguna, in reply to a query, described the united front as "a mirage" and his negotiations with Mr. Charan Singh along with Mr. Adani which led to today's announcement.

It was his contention that opposition efforts toward unity had hitherto been inhibited by differences over form and not substance.

In any event, his break away from the front as well as desertions by Mr. Devi Lal and company from the Janata only two days after claiming that they would remain with it leaves one wondering how opposition unity has been strengthened.

Besides, it is obvious any opposition grouping that leaves out the BJP to go it alone would divide and not consolidate the anti-Congress vote in northern India.

Plank Points

Though Mr. Charan Singh announced that, apart from Mr. Bahuguna's DSP and the Rashtriya Congress, there were groups and individuals ready to join the party, most of them are inconsequential electorally.

The policy statement swore by "Gandhian philosophy" and expressed its determination to end "Congress misrule" to strengthen forces of democracy and to secure more powers for the states.

The party is committed to uphold democracy, revamp the national economy, ensure independence of the judiciary, freedom of the press, autonomy of educational institutions more powers to the states, and policy of non-alignment.

In the economic field, it will accord top priority to agricultural development and adopt a time-bound programme for the realisation of the right to work.

Essentially, the policy statement incorporated the formal objectives of the DSP and the Lok Dal.

In another development representatives of opposition parties met here under the presidentship of the Lok Dal Vice-President, Mr. Rameshwar Singh, and discussed the Assam problem.

Mr. Bahuguna, Mr. Lal Krishna Advani (BJP), Mr. Ved Vrata Barua, (Congress-S) and Mr. Jogendra Nath Hazarika (Assam Janata Dal) were among those present.

The meeting adopted unanimously a resolution demanding that "scrutiny and revision of electoral rolls of 1971 will be undertaken. Elections will be held in Assam on the basis of these rolls with the rest of the country, and finally that under no circumstances shall Assam be made to feel separated and remain unrepresented for a second time in the Lok Sabha."

PTI adds: The constitution, flag and a parliamentary board of the new party will be finalised shortly. The party is likely to fight the elections on the Lok Dal symbol of a farmer ploughing the field.

State Clearance

Mr. Devi Lal explained that Mr. Thakur, Mr. Arya and Dr. Rana also had to take a formal authorisation for joining the new party from their respective state units. He (Mr. Devi Lal) had already been authorised by the Haryana unit, which met yesterday.

He also pointed out that Mr. Brijlal Verma, a former chief of the Madhya Pradesh Janata, and Mr. Tulsidas Dasappa, a former Congress (S) leader, had already joined the Lok Dal and would be in the new party with their followers.

Effect on Other Parties

Bombay THE TIMES OF INDIA in English 23 Oct 84 p 1

[Text] NEW DELHI, October 22--THE newly-formed Dalit Mazdoor Kisan Party (DMKP) under the leadership of Mr. Charan Singh today emerged as a major political force against the Congress in the Hindi belt when two senior Congress(S) MPs, Mr. Nathu Ram Mirdha of Rajasthan and Mr. R. P. Yadav of Bihar, joined it.

The formation of the new party has seriously disrupted the seven-party united front headed by Mr. Chandra Shekhar. Two of its constituents--the Democratic Socialist Party of Mr. H. N. Bahuguna and the Rashtriya Congress of Mr. Ratubhai Dani--have merged in the new party.

Besides, it has seriously mauled the Janata Party and Congress (S) in the northern state of U.P., Bihar, Haryana and Rajasthan, the most influential leaders of the two parties in these states having now joined the party or are in the process of doing so.

In addition, it has acquired a foothold in Jammu and Kashmir in Mr. Mir Qasim, who had earlier joined the DSP, Being appointed one of the vice-presidents of the DMKP. Its influence has spread to Maharashtra with Mrs. Savita Ambedkar,

widow of Dr. B. R. Ambedkar, welcoming the formation of the party and Dr. Subramaniam Swamy becoming its member. In Karnataka the party has acquired the allegiance of Mr. Tulsidas Dasappa.

Besides the Congress (S) losing two important members today, the Janata Party has lost Mr. Devi Lal in Haryana, Mr. Karpoori Thakur in Bihar and Mr. K. R. Arya in Rajasthan.

It had earlier lost Mr. Banarsi Das, former chief minister in U.P. As a result, the two parties can be said to have lost all electoral clout in the northern Hindi states.

There can, therefore, be meaningful electoral adjustments only between the new party and the Bharatiya Janata Party in the entire Hindi belt here.

However some uncertainty has arisen with the BJP president, Mr. A. B. Vajpayee, reportedly stating in Jammu today that with the formation of the DMKP, the National Democratic Alliance between the Lok Dal and the BJP stood dissolved.

Mr. Charan Singh said, however, at a press conference today that the NDA would continue in alliance with the new party and Mr. Vajpayee could not unilaterally dissolve it.

Mr. Bahuguna, who is said to be lukewarm towards the BJP, interjected to say that the matter would be sorted out between the DMKP and the BJP.

It was announced that Mr. Charan Singh had been formally accepted as president of the DMKP. The party had adopted the flag and election symbol of the Lok Dal.

Mr. Charan Singh announced the appointment of some office-bearers of the new party. Mr. Devi Lal (Haryana) and Mr. Mir Qasim (Jammu and Kashmir) were appointed vice-presidents.

Mrs. Tarkeshwari Sinha (DSP), Mr. Satya Prakash Malaviya and Mr. Sharad Yadav (Lok Dal) were appointed the three general secretaries.

Mr. Bahuguna will head the party's election campaign committee. He has been given the power to appoint the members of the committee.

Besides, the heads of ad hoc state units of the party were also announced. Mr. Mulayam Singh Yadav will head the UP Unit, Mr. Durga Chand the Himachal Pradesh unit, Mr. Mancharlal Saini the Haryana unit, Mr. Ratubhai Adani the Gujarat unit, Mr. Tulsidas Dasappa the Karnataka unit, Mr. Nathu Ram Mirdha of the Rajasthan unit and Mr. Manik Rao of the Andhra Pradesh unit.

But the most important body of the new party is yet to be announced. It is its parliamentary board, which will nominate party candidates in parliamentary elections.

The party has gained support in the tribal belts of Bihar and Orissa with the former MP, Mr. David Munzni, president of the All-India Adivasi Mahasabha, Ranchi, joining it. It is expected that some Adivasi leaders from Orissa and also join the party.

Rajiv Gandhi Comment

Calcutta THE TELEGRAPH in English 23 Oct 84 p 4

[Text] Jeypore, Oct. 22 (PTI)--The Congress (I) general secretary, Mr Rajiv Gandhi, said here today that the newly-formed Dalit Mazdoor Kisan Party, headed by the former Prime Minister, Mr Charan Singh, was another exercise aimed only at securing power.

The constituents of the newly-blended party held radically different views, he said. Addressing a series of rallies and meetings on the second day of his three-day tour of Orissa, Mr Gandhi warned that anti-national forces had stepped up their activities in the country and called for strict vigilance to counter their threats.

He alleged that some senior Opposition leaders had given support to anti-national forces.

Communists Welcome Formation

Calcutta THE STATESMAN in English 25 Oct 84 p 9

[Text] NEW DELHI, Oct. 24--The two Communist parties have welcomed the coming together of the Lok Dal, the Democratic Socialist Party and the Rashtriya Congress to form the Dalit Mazdoor Kisan Party, headed by Mr Charan Singh.

What they have really appreciated is that the secular democratic Opposition, supported by the Left parties, are standing together and have delinked themselves from the Bharatiya Janata Party which in their view "is a communal party" like the Muslim League.

A spokesman of the Communist Party of India (Marxist) said his party appreciated the difficulties in forming one Opposition party against the Congress (I). The inaction of the Communist Party of India was similar, and it was stated on its behalf that it would like to watch the developments.

In the view of both the CPI and the CPI(M), a slightly negative aspect of the formation of the DMKP is the crossing over of many Janata members to it, causing a split in Janata.

The positive development which is satisfying to the Communists, according to Mr B. T. Ranadive, seniormost member of the CPI(M) Politburo, is that efforts are being made by secular democratic Opposition parties to "facilitate the defeat of the Congress (I) in the forthcoming Lok Sabha elections". Mr Ranadive pointed out that most of the parties making these efforts were represented at the Srinagar and Calcutta conferences of all India Opposition parties which worked out a consensus on Centre State relations and the 11-point charter of economic demands.

It would appear that by extending their support to Mr Charan Singh's new DMKP and to the Janata, the Congress (S) and other regional parties, the Communists expect to work towards making these parties accept a common programme to fight against the Congress (I) in the elections.

The central committee of the CPI(M) will meet here later this month to decide the party's strategy for the next Lok Sabha elections. The central committee is expected to endorse the political line adopted by the party's Politburo meeting held on October 13 and 14 of supporting and arriving at an electoral understanding with secular democratic Opposition parties which were represented at the Opposition conclaves in Srinagar and Calcutta.

CSO: 4600/1082

INDIA

PUNJAB CPI RESOLUTION ON ELECTIONS REPORTED

Calcutta THE STATESMAN in English 22 Oct 84 p 9

[Text] CHANDIGARH, Oct. 21--The Punjab State executive of the Communist Party of India today demanded holding of the Lok Sabha polls in the State with the rest of the country, reports UNI.

A resolution, adopted unanimously by the party executive, said if the Lok Sabha elections in the State were held in a peaceful and fair manner, it would help the normalization process.

The CPI executive demanded an all-party meeting for a political solution of the Punjab problem on the basis of last year's June 30 formula of the Opposition parties and the package proposals offered by the Prime Minister in her broadcast on June 2 this year.

The executive urged the Centre to intimate leaders of all parties the grounds of detention of the Akali leaders. It demanded that the Akali leaders be either released or prosecuted if the Government had any specific charge against them.

The meeting demanded the release of those not involved in criminal actions and wanted help for trade and industry in the State.

Jathedar Rachpal Singh today urged the Sikh high priests and the Government to appoint two inquiry commissions to fix responsibility for the Punjab situation which culminated in the Army action.

Addressing a Press conference in Jalandhar, Jathedar Rachpal Singh said the five Sikh high priests should appoint a five-member commission of eminent Sikhs, while the Government should nominate five sitting judges of the Supreme Court on such a commission.

He said the priests should issue a "hukamnama" against the killings of innocent people if it helped to normalize the situation. Jathedar Rachpal Singh advocated the restoration of popular Government in Punjab.

CSO: 4600/1083

ARMY COULD THWART PAKISTAN MOVES IN KARAKORAM

Madras THE HINDU in English 20 Oct 84 p 1

[Article by G. K. Reddy]

[Text]

NEW DELHI, Oct. 19.

Despite the current tensions in Indo-Pakistan relations, there is no danger of another war at present, but the two countries appear to be heading for a confrontation in the glacier area of Ladakh, where Pakistan is now laying claims to Indian territory to secure access to the Karakoram pass for strategic reasons.

The Indian Army will be able to thwart any surprise bid by the Pakistani troops deployed in this area to seize some commanding positions across the line of actual control in the Nubra-Shyok salient leading to the Siachen Glacier to gain a tactical advantage.

No clear definition: It is true that both in 1949 when the old ceasefire line was drawn and in 1972 when it was replaced by the present line of actual control under the Simla agreement, there was no clear definition of what could be deemed to be the dividing line in this snowy wilderness, where no fighting had taken place during the earlier Kashmir operations or subsequent Indo-Pak conflicts.

It was merely stated in the two agreements that the line would run north through the glacier area towards the Karakoram. The Indian interpretation is that it should run perpendicularly in a north-south direction from the base point at which the demarcation of the line of control ends on the maps initialled by the two sides.

Pak argument: The Pakistan Government has been disputing this Indian contention saying that the reference to Karakoram was to the pass and not just the mountain range, and as such the line of control should run in a north-easterly direction and not in a north-south direction. It has been questioning the Indian interpretation with the argument that the acceptance of a perpendicular demarcation would imply that in effect the line would be running in a north-westerly slant towards the Karakoram range cutting through the northern border area in occupied Kashmir transferred to China, which was not the intention under the Simla agreement.

The Government of India took a serious view of the Pakistani attempts in recent months to make some probing moves to lay claim to a part of the Nubra Valley on the Indian side of the line of actual control, besides setting up posts at some strategic points leading to the Siachen Glacier, besides sending out patrols into this snowy wilderness to register

its claims to the north-eastern part of it. The Indian Army acted swiftly to frustrate these attempts by blocking access to the routes leading towards the Karakoram pass which is clearly on the Indian side.

Link-up: The Chinese, who are on the other side of the Karakoram, had not established a military presence at the pass even during the 1962 conflict. If India were to concede the Pakistan claim that the line of control in this area should run in a north-westerly, and not north-south, direction towards the Karakoram pass, it would amount tacitly to agreeing to a link-up of the Pakistan troops in occupied Kashmir with the Chinese forces in Aksai Chin.

As India cannot allow this to happen, it is bound to resist any Pakistani attempt to extend its control to the north-western segment of the Siachen Glacier, which would be highly detrimental to its geostrategic position in the Ladakh region. The Indian Army had to take some preventive steps to foil any Pakistani moves to occupy parts of the Siachen Glacier area claimed by it.

It is difficult to foresee what shape this controversy might take in the wake of the current tensions. But the Indian Army is well placed to inflict a heavy punishment if Pakistan resorted to any rash action.

Choice with Pak: The choice, therefore, rests with Pakistan whether to keep this controversy confined to politically manageable limits without forsaking its claims or embark on an adventure that could be extremely risky.

What India had offered: The military regime in Pakistan was foolish in not accepting what India offered in 1962, in the aftermath of the Sino-Indian border war, to settle the Kashmir problem. As the former Foreign Secretary, Mr. Gundevis disclosed in his book 'Outside the archives,' India was prepared to concede as much as 1500 square miles by redrawing the boundary from Karen eastward along the Kishenjanga practically to its source, then beyond the north-south watershed through Dras.

The Indian offer also included territory west of Rajouri and Noushera and some fertile lands in the Poonch-Mendhar sector, linking up with the Pakistan-occupied part of west of Uri, Tithwal and Karen. But the Ayub regime wanted the whole of Kashmir Valley and the entire Chenab basin, leaving India with only the Jammu area of the State.

END

118